RUSSIA
AS AN
AMERICAN PROBLEM

JOHN SPARGO

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BOOKS BY

JOHN SPARGO

RUSSIA AS AN AMERICAN PROBLEM
THE PSYCHOLOGY OF BOLSHEVISM
BOLSHEVISM
AMERICANISM AND SOCIAL DEMOCRACY
SOCIAL DEMOCRACY EXPLAINED

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JOHN SPARGO

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"SOCIAL DEMOCRACY EXPLAINED" ETC.

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Russia as an American Problem

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PREFACE

This book is an earnest attempt to interest my fellow-citizens in the great problem of Russia's reconstruction. I have tried to present that problem as a challenge to America in the hope that I might thereby render a service of friendship to Russia and a service of loyalty to my own country.

My interest in Russia dates back to my boyhood. Thirty years ago it was my good fortune to fall under the inspiration of that great Russian, Sergius Michaelovitch Kravchinski, best known by his pseudonym, "Sergius Stepniak." That brave and brilliant revolutionist first aroused my interest in the Russian revolutionary struggle, and through all the intervening years that interest has grown. It has been my good fortune to know intimately and well many of the brave men and women whose courage and sacrifice maintained the long struggle against czarism. Inspired and guided by these friends, I have tried to understand Russia and its great political and economic problems.

This brief autobiographical note will serve to explain to the reader why I have felt justified in writing so freely about Russian problems, both in this volume and elsewhere. My studies of Russian history and politics antedated the Revolution by many years.

Shortly after the outbreak of the World War in 1914 I contributed to the pages of a weekly review an article upon the relation of Russia to the war which my friend, George Plechanov, one of the greatest of Russian Socialist thinkers, generously approved and translated. In that article I set forth my reasons for believing (1) that the cause of freedom in Russia would be served by an Allied victory, even under czarism; (2) that any attempt to establish a Socialist régime in Russia, until an extensive capitalist development and a long period of democratic government had paved the way for it, would fail and lead to terrible reaction. That forecast has certainly been literally fulfilled. Russia is not ready for anything like a Socialist state. The only economic basis upon which a Socialist commonwealth can possibly be established, namely, a highly developed industrialism, is lacking. Russia may in some future time organize her life upon Socialist lines, but first of all she must be developed economically. At present she needs capital and capitalist enterprise.

I trust that I have succeeded in conveying through these pages my profound faith in Russia's future. Her present position is lamentable indeed, and her needs are so great and so numerous that the mind is almost incapable of comprehending them. Yet I do not for one moment doubt that she will survive and become a great democratic nation.

Perhaps it is hardly necessary for me to call attention to the fact that this book has been written during a period of unrest and uncertainty almost unparalleled. As these lines are being written the

fate of the League of Nations is undetermined. Sometimes during the progress of the book it has seemed that the overthrow of the Bolshevist government was a matter of a few days at most; now the tide has turned and in a military sense the Bolsheviki seem more strongly intrenched than ever. In a word, everything is unsettled. Yet, disadvantageous and unpropitious as such conditions are for serious writing upon problems of vital importance, it was not possible for me to wait. Any appeal for active assistance to Russia, upon the scale necessary to enable her to reconstruct her economic life, must be made without delay if it is to produce any good result. Therefore, fully conscious of the difficulties and dangers which confront the writer who chooses to write of contemporary political and economic problems, I have felt impelled to prepare this somewhat elaborate statement of the problem of Russia's reconstruction.

Because I believe that the future of our own country depends to a very large extent upon the manner in which the Russian problem is met, I have ventured to entitle my book *Russia as an American Problem.* It is my earnest hope that my fellow-citizens will regard that as a challenge, and that they will give to the Russian problem the attention which its relation to our own place in civilization warrants.

JOHN SPARGO.

"NESTLEDOWN"
OLD BENNINGTON, VERMONT,
November 18, 1919.

RUSSIA AS AN AMERICAN PROBLEM

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I

RUSSIA AS AN AMERICAN PROBLEM

I

AT the time of the outbreak of the World War the Russian Empire embraced practically one-sixth of the land area of the globe. It stretched from the Baltic Sea to the Gulf of Anadyr and from the Black Sea to the Sea of Japan. In that vast territory, which could easily be made to sustain a population several times greater, there were, according to official figures, about 179 millions of people, excluding the population of Finland.[1] It was a population of heterogeneous

[1] The figures published by the Czar's Ministry of the Interior were, for 1914, 182,182,600 persons, including the population of the Grand Duchy of Finland, or 178,905,500, if the population of Finland be excluded. The representatives of the Soviet government have claimed, however, that these figures—which were estimated—greatly exaggerate the population. They say that the total was not more than 155 millions, made up as follows: European Russia, 107,800,000; Poland, 12,400,000; Caucasus, 13,200,000; Siberia, 10,400,000; Central Asia, 11,200,000. See *Soviet Russia*, June 28, 1919, for an interesting study of this subject.

composition, embracing many diverse races. We get some idea of the great Babel of peoples from the fact, related by Ross,[1] that a "certain booklet prints the Lord's Prayer in each of the languages spoken within the empire, and the number is 103."

The Treaty of Versailles and the various separatist movements arising out of the Revolution have seriously dismembered European Russia, and until normal conditions have been restored it will be practically impossible to know its boundaries, its area, or its population. At the present time it can best be described as an undefined area occupied by an undetermined number of inhabitants. A great historical process of the utmost importance to Russia and the rest of the civilized world has been violently interrupted. If the separation from Russia of numerous small states, such as Ukraine, Esthonia, Livonia, Lithuania, Georgia, and others, is permitted to stand, each setting up its own independent sovereignty, European Russia will be in danger of "Balkanization." In the case of the petty "independencies" of the Caucasus there is danger not only of sacrificing Armenia to wild tribes, but of sacrificing a relatively high culture to barbarism. Here at least Russian sovereignty brought about a great advance in civilization.

It was Mr. Balfour who first sounded the much-needed warning against the dangers of a Balkanization of Europe. By that term the British statesman meant the breaking up of great nations into a lot of little states with opposing interests.

[1] Ross, *Russia in Upheaval*, p. 116.

The narrow limits within which the vital interests of such petty states are circumscribed tend always to exaggerate the inevitable friction incidental to their mutual relations and to produce a correspondingly narrow circumscription of vision. Such states are always prone to quarrel and fight. The League of Nations might easily be wrecked against this rock. The chances of success for the League of Nations are necessarily in inverse ratio to the number of small states existing.

Among the numerous idealizations of the democratic war aims of the Allied nations, which proved of such tremendous importance and value, President Wilson indulged in some very questionable rhetorical declarations about the right of small nationalities to self-determination and self-sovereignty which have given, and will continue to give, a good deal of trouble. Followed to its logical conclusion this principle would result in the dissolution of every great nation and the creation of a vast number of little states, with an endless multiplication of boundaries and frontiers and a resulting increase of local prejudices and petty aggressions. In the crude form in which it was expressed by President Wilson, and understood by the host of petty nationalists who hailed it with rejoicing, without careful and elaborate qualification, this doctrine of the self-determination of nationalities is both exceedingly reactionary and exceedingly dangerous. Except in very rare instances, the secession of small states and nationalities from the larger states and nations to which they have been welded by the historic processes of national

development is a backward step, quite inconsistent with the ordered and peaceful progress of mankind.

In an interview widely published in the French press, in July, 1919, M. Sazonov set forth in detail the Russian view of the place of the different nationalities within reconstituted Russia and the degree of autonomy to be enjoyed by them. The former Minister of Foreign Affairs pointed out that over-centralization was one of the cardinal defects of the old system. No other living Russian possesses a more extensive knowledge of the evils which resulted from "the endeavor to direct details of life in the remotest corner of the huge empire from a far-away bureaucratic center." M. Sazonov points out that "autonomous arrangement for nationalities naturally complies with the general system of decentralization to be applied in the reconstruction of Russia." Provincial self-government is quite compatible with the sovereignty of a single unified state. The best safeguard of the culture and essential freedom of the various nationalities in Russia lies in unity with Russia upon conditions which give them a generous measure of local autonomy.[1]

There is no good reason for permitting a small nationality to erect a Chinese Wall around the territory which it inhabits, and so to be an obstacle to the development of larger political entities. A brief study of the geographical distribution of small nationalities will show that they are commonly found occupying coastal territory which

[1] See interview with M. Sazonov, Appendix A,

becomes essential to the economic development of much larger hinterland areas and populations. It is preposterous to set up, in the name of democracy and internationalism, the doctrine that a people occupying a narrow strip of coast bordering on a great sea, the means of ingress and egress for a continent, must be given exclusive sovereignty over that coastal territory. The rights of nationalities, like all other human rights, are only valid in so far as they harmonize with the rights of mankind. Let us take Russia as an example: During four hundred years Russia struggled to gain access to the sea. Must we now acknowledge the right of Esthonia, Livonia, and Lithuania, with a population of some five millions of people, to set up exclusive sovereignty over the Baltic coast territory of the former Russian Empire, and thus deprive a hundred and fifty millions, or more, from access to the ocean and its trade routes?

Peace treaties may decree such arrangements, and powerful leagues and alliances of nations may, for a time, enforce such decrees. There is, however, a law that is both older and stronger than any league or alliance, the law, namely, that wherever great masses of people, whether tribe or nation, occupying a hinterland find the way to the sea blocked by a less numerous people occupying the coast, they do not accept the *status quo*, but push their way seaward until they have access to the sea. Russia will not long suffer little states to shut her off from the Baltic. Not to understand this primary law of the evolution of states

is to fail to comprehend one of the plainest lessons of history.

It is an interesting fact that the crude conception of the right of nations, *per se*, to self-determination and self-sovereignty is common to those who advocate the most narrow and selfish forms of exaggerated nationalism, and those who advocate, in the name of internationalism, the repudiation of national interests and obligations—*a*-nationalism. Thus we find men who in one breath deny that nationalism means or can mean anything to them, and declare that their loyalty belongs, not to a nation, but to mankind, enthusiastically supporting the narrow and extreme nationalism of Sinn Fein, Esthonian independence, Indian independence, and so on. The Russian Bolsheviki, with similar inconsistency, during the Kerensky régime and afterward, encouraged the separatism, inspired by the most extreme and selfish form of nationalism, which logically tended to the dismemberment of Russia and, in so far as it succeeded, was an evolution away from international solidarity and mutualism.

With the exception of Poland and Finland, the independent sovereignty of which most liberal Russians concede to be justified and calculated to make for progress and peace, the splitting up of European Russia is to be regarded as a retrogressive step, injurious to Russia and to the seceding states. Finland and Poland have great traditions and national culture. Moreover, their independence is possible without hampering the life of Russia. None of these things can be said of the

other nationalities that have declared their separation from Russia. The Ukrainians, for example, have no great national culture or tradition in the modern sense, and their separation from Russia means for the world in general simply that another small state must be reckoned with, while for Russia it means that a part of her patrimony is lost.

In this connection the comment of Professor Ross on conditions in the Volga territory is worthy of note: "Reviewing the diversity of types along the Volga artery, one realizes what a blessing is a central government that enforces peace among intermingled elements having so little in common. If those who cry down external authority and demand local independence had their way in this Volga basin, the juxtaposed races and faiths would soon be scratching out one another's eyes and the great river would cease to be a safe, continuous highway for populations two thousand miles apart." [1]

The solution of the Russian problem, as it is called, must include the whole territory of European Russia as it was before the war—with the exception of Poland and Finland as already noted—in one federated body. That should be insisted upon by the League of Nations in the interest of peace. This does not preclude giving a large measure of autonomy and self-government to the various provinces. It does, however, provide for the unity in foreign relations, and in such matters as railway construction and administration, essen-

[1] Ross, *op. cit.*, p. 44.

tial to rapid, efficient, and peaceful economic progress.

II

It is impossible for an intelligent and well-informed American to regard the condition of a great nation like Russia with indifference. In the conflict of opinion which has raged around the tragedy of Russia's internal strife since the overthrow of the Romanov dynasty, and, more especially, since the seizure of power by the Bolsheviki, we have heard much of the doctrine that we have no legitimate concern in Russia's life. This view is advanced by the spokesmen of two opposite groups, which may be broadly defined as the tories and the radicals. On the one side are those reactionaries, chauvinists of the worst type, whose whole mental attitude is reactionary. They fear change and progress. In the twentieth century they are clinging to the theories and policies of the early part of the nineteenth century. The attitude of this group is quite natural and easily comprehensible.

On the other side are certain liberals and radicals, men and women who are in more or less open revolt against the existing order and impatiently clamoring for comprehensive and fundamental change. In general they are as much ahead of their time as the reactionaries are behind it. The fact that this group takes upon a matter of such vital importance a position identical with that taken by the other is an illuminating example of the manner in which under stress of emotional

intensity, partizanship, or exaggerated interest of any kind, mental and moral compromises are unconsciously or subconsciously effected. That their attitude is the creature of such compromise is quite easily ascertained: all that is necessary is to note how violently they depart from the principle upon which their attitude is based when they adopt—as they generally do—toward other matters which involve the same questions of fundamental principle an attitude based upon diametrically opposite reasoning. A single example will suffice to illustrate this: the same men who urge, as a matter of principle, that America has no business to concern itself with the Russian struggle, that we have no legitimate concern in Russia's life warranting us to interfere, and that we should adopt the policy of "hands off," take exactly the opposite attitude in the case of Ireland, notwithstanding the fact, so obvious to the disciplined mind, that if neutrality and non-interference are fundamental principles they must apply to the case of Ireland.

The realist sees quite plainly that indifference on the part of the United States to the condition of a great nation like Russia is practically impossible, and that it would be morally indefensible if it were practicable. At the very outset we are confronted by the elementary and self-evident truth that there can be no healthful peace anywhere in the civilized world so long as a nation of 156 millions of people,[1] occupying a vast territory

[1] I have used here the official Russian figures of the population of Russia in 1914, exclusive of Finland and Poland.

like Russia, is torn by anarchy and civil war, ravaged by disease and decimated by famine. Even if we put aside every consideration of humanity and confine ourselves to the hard, cold facts of self-interest, we have very profound and important reasons to be concerned in the solution of Russia's great problem. As a matter of fact we cannot put the considerations of humanity aside as of no importance, and we ought not to if we could. We cannot as civilized human beings ignore the sufferings of Russia. At a given moment it may be difficult, or even impossible, to discover any means of rendering effective help, but we are bound by the moral law which governs men and nations to hold toward her a compassionate and sympathetic attitude, and to give succor to the limit of our power whenever the means can be found.

We have a definite and vastly important interest in the peace and progressive prosperity of the world. Europe and Asia are our neighbors. They are close to us and their lives touch our life in direct and vital ways. War in Europe means danger for us. If there is serious interruption of the economic life of Europe because war has broken out in the Balkans or elsewhere, or for any other reason, our own economic life is at once affected. We live in an era of international capitalism and our life and progress depend upon international trade exchanges. The closing of a great market, interruption of trade communications, or stoppage of the supply of raw materials, means for us closed factories, economic depression, unemployment, hun-

ger, strife, excessive mortality, and increased crime. Our interest is not only bound up with the relations of our neighbors, so that it is a matter of importance to us that they remain at peace, but also with their prosperity. Even before the war with Germany ended every thoughtful student realized that our own interest, and that of all the Allied nations, required the quickest possible economic rehabilitation of the enemy after the war. Similarly our interest, and the interest of every civilized nation, requires the quickest possible restoration of Russia.

This is not economic imperialism, but its antithesis. It is the highest form of international mutualism. To deny it is to deny the only practical alternative to the rule of the world by brutal and selfish might. There can be no other basis for a sound and enduring internationalism. Sophomoric rhetoric about "a world without frontiers" will not carry us very far. The only internationalism which will meet the acid test is that which logically proceeds from the healthy and enlightened self-interest of nations, each nation seeking and finding its own highest good in the good of all.

III

In order that we may understand the present needs of Russia, it is necessary to go back to the conditions which obtained under czarism immediately prior to the outbreak of the war. A careful observer wrote, "The greater part of the Russian people are in a chronic state of semi-

starvation."[1] In some provinces more than a quarter of the villagers lived under the most wretched conditions, sharing hovels which measured fourteen feet square and seven feet high with all their domestic animals.[2] And the condition of the industrial proletariat in the cities was almost, if not quite, as bad. Perhaps no workers in the world except the Japanese were paid as wages a smaller part of their total product. Professor Ross cites some interesting figures upon this point. For example, "in 1912, when raw immigrant labor commanded $1.65 a day in the industrial centers of the United States, this class of labor was paid about thirty cents a day in the industrial centers of southern Russia."[3] A machinist who had worked all over southern Russia had never received more than eighty-five cents a day. "It seems safe to say," says this trained and competent observer, "that before the Revolution the share of his product that fell to the Russian working-man was less than a third of that received by the American wage-earner."[4]

In some of the great factories ordinary workers were receiving 65 copecks—about 32 cents—a day in the first half of 1914. In a great many cases wages were paid by the month, and 28 rubles—about $14—was a common rate of pay.[5] Sixteen hours' work a day was common. A fair idea of the wages paid immediately prior to the war

[1] Quoted by Wilcox, *Russia's Ruin*, p. 7. [2] *Idem.*
[3] Ross, *op. cit.*, p. 268. [4] *Idem.*
[5] See *Bolshevism and the United States*, by Charles Edward Russell, p. 176.

can be obtained from the following examples: Carpenters, 60 cents a day; blacksmiths, 60 cents; saddlers, 50 cents; turners, 70 cents; firemen, 55 cents. Even if we disregard the normal exchange rate and consider that under nominal pre-war conditions the purchasing power of a ruble in Russia was about the same as that of a dollar in the United States—thus doubling the real wages—it is still apparent that the wage rate was distressingly low. Even in January, 1917, after an unprecedented rise in wages, weavers in Petrograd were working sixteen hours a day and receiving 65 rubles—about $32.50—a month.[1] As a result of these miserable wages, the most distressing conditions of poverty and overcrowding prevailed. Investigations in Moscow and St. Petersburg—as it was then called—showed that tens of thousands of families lived in single rooms, many of them dark, and that there were thousands of families living in "stalls"—a single room being divided into several stalls by partitions about six feet high, which left a space for air and light between the top of the partition and the ceiling.[2]

We are not primarily concerned with these distressing social conditions, however. Our principal interest lies in the basic social and economic arrangements which bear an important relation to the problem of economic reconstruction. Let us take agriculture, for example. Russia is a great grain-producing country. She was a great grain-export-

[1] Russell, *op. cit.*, p. 176. See also Ross, *op. cit.*, p. 32.

[2] See M. Olgin, *The Soul of the Russian Revolution*, p. 14.

ing country and her surplus was an important factor in feeding Europe. One-fifth of all the food grains—wheat, corn, rye, oats, and barley—of the world was produced in Russia. She produced 19 per cent. of the world's wheat, more than 24 per cent. of its oats, 48 per cent. of its rye, and nearly 32 per cent. of its barley. The total annual production of these staple grains was about 19,600,000,000 poods,[1] or 353,919,294 tons. The export of these food grains amounted to 650,000,000 poods, valued at 640,000,000 rubles. The wheat exported amounted to 222,500,000 poods, the barley to 209,000,000 poods, the oats to 59,400,000 poods.[2]

Europe needs the food which Russia can supply. Russia is necessary to the economic existence of Europe, and the interest of the United States is almost equally involved. Until the products of Russian agriculture flow freely once more into the channels of European trade the whole economic life of the world will be deranged. While it is of more immediate and vital importance to European nations, the quick restoration of Russia to her position as a great food-exporting nation is very important to the United States. There can be no real solution of the great problem presented by the high cost of food until Russia's products again find their way into the world market. There is not a wage-earner's family from Maine to California whose interests are not affected. It is not

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[1] A pood equals 36.1 American pounds.

[2] These figures are taken from the elaborate diagrams in Professor Goldstein's *Russia, Her Economic Past and Future.* They are based on the average for the years 1910–11—1912–13.

an exaggeration to say that what is called the Russian problem enters into the grocery bill of every American household.

It is to our interest not merely that Russia resumes her place as a food-exporting nation, but also that her agricultural production be greatly increased, and as rapidly as possible. Impressive as the figures of her pre-war production and export are, they do not represent anything like the production and export of which she is capable. Despite the wonderfully rich soil of the greater part of her wheat-producing land, which is far superior to that possessed by any other European country, we find Russia's production per acre the poorest of all. The following table shows the wheat production of the various European nations in poods per dessiatine:[1]

TABLE A

ANNUAL AVERAGE WHEAT YIELD, 1901–10

Country	*Poods per Dessiatine*
Denmark (1901–05)	183
Belgium	157
Holland	153
Great Britain	148
Germany	130
Sweden	125
France	90
Austria	85
Rumania	79
Hungary	76
Italy	63
Bulgaria	62
Spain	62
Serbia	56
Russia	45

[1] A dessiatine is equal to 2.705 acres; a pood, as previously explained, to 36.1 pounds.

Most of these are not wheat-producing countries in any important sense and the total amount of home-grown wheat is small in comparison with the total amount consumed. A much more satisfactory measure of Russia's backwardness is obtained by comparing the yield of wheat per acre in the principal wheat-producing countries of the world. Canada's average yield of wheat per acre is nearly twice that of Russia. The figures for the principal wheat-growing countries are as follows:

TABLE B

ANNUAL AVERAGE YIELD OF WHEAT PER ACRE IN THE PRINCIPAL WHEAT-GROWING COUNTRIES

Country	*Bushels per Acre*
Canada	19.2
Rumania	16.8
United States	14.4
Australia	11.9
British India	11.5
Argentina	10.6
Russia	10.0

While Russia during the three-year period 1911–13 had under cultivation an area greater than that under cultivation in the United States by about 23 per cent., the total product was fully 10 per cent. less. There are several reasons for this backward state of Russian agricultural production, one of the most important being the limited use of agricultural machinery and the wide-spread use of very primitive methods of cultivation. Not very many years ago it was stated in a report published in the official journal of the Russian Ministry of Agriculture that out of 18,000,000 plows in use in Russia 12,000,000 were made of

wood, and that of 22,884,000 harrows 21,000,000 were either made wholly of wood or of wood with iron teeth.[1] The five years preceding the war brought about a great improvement in this respect. There was a very notable increase in the amount of agricultural machinery imported into Russia, as well as in the manufacture of such machinery in Russia. In the five-year period 1895–99 the total value of all the agricultural machinery imported into Russia was 53,000,000 rubles. In the next five-year period, 1900–04, it had risen to about 102,700,000 rubles. In the next five-year period, 1905–09, it rose to 131,500,000 rubles, while in the next *three* years, 1910–12, the amount was 166,900,000 rubles, representing a greater annual average than the total for the five-year period 1895–99. In the same period the value of the agricultural implements manufactured in Russia rose in nearly the same proportion, from 9,600,000 rubles in 1895 to 52,600,000 rubles in 1912.[2]

The improvement in technic made possible by the increased use of machinery indicated by these figures is reflected in the improved productivity of the years immediately preceding the war. On communally owned lands the average yield of grains in European Russia was 34 poods per dessiatine in the ten-year period 1881–90, 39 poods in 1891–1900, and 43 poods in 1901–10. On the privately owned lands the progress was equally marked, the corresponding figures being 42 poods per dessiatine in 1881–90, 47 poods in 1891–1900, and 54 poods in

[1] Quoted by Wilcox, *op. cit.*, p. 6.

[2] Goldstein, *op. cit*

1901–10. This great improvement was due, to a very great extent, to the fact that the Russian government and the local zemstvos had devoted a great deal of money and effort to the development of agricultural production. The number of agricultural expert advisers, instructors, and agents employed by the Russian government rose from 141 in 1907 to 1,365 in 1912. In the same period the number employed in this work by the zemstvos rose from 593 in the former year to 3,266 in the latter.

The need for a great increase in the productivity of land, as well as in the number of acres cultivated, was now quite clearly recognized. With the rise and growth of large cities a larger proportion of the wheat and other food grains was being used in Russia itself, and a great part of what was exported was not really a "surplus" at all, but was sorely needed by the Russian peasants themselves.[1] Meantime, Russia was losing her place in the wheat-market, especially in the trade with Great Britain, so important to her. In the ten years 1881–90 Russia supplied practically 64 per cent. of the wheat imported into the United Kingdom, Canada about 17 per cent., Australia 15 per cent., and Argentina about 4 per cent. In the three-year period 1911–13 the figures were: Canada, 38 per cent.; Argentina, 25 per cent.; Australia, 20 per cent.; Russia, less than 17 per cent.

Such facts as these caused the Russian government, through the Department of Agriculture, to spend a great deal of money for the improvement

[1] See p. 105.

of agriculture through such agencies as schools, experimental stations, expert advice on soils, seeds, fertilizers, and so on. In the year 1913 the Department of Agriculture expended about 30 million rubles, as against an average annual expenditure of 12 million rubles in the five-year period 1908-12. It is probably quite safe to say that no department of the Russian government ever spent public funds with equal honesty, efficiency, and good result. The work of the government was admirably supplemented by the zemstvos and the local agricultural societies. These were of two kinds, general associations for the improvement of agriculture by means of lectures, demonstrations, and exhibitions and co-operative associations for purchasing supplies and selling products. There were 4,685 of the general associations at the beginning of 1914, and 2,967 of these, or 63.3 per cent., had been formed since January 1, 1909. There were also 1,254 agricultural co-operatives, of which number 1,058, or about 80 per cent., had been formed since January 1, 1909. About 50 per cent. of these co-operatives were of milk producers, about 30 per cent. were for general trading, something over 10 per cent. were for the co-operative purchase and use of agricultural machinery. In addition there were various co-operatives not classified.

When the war broke out in 1914 Russia was engaged in the vitally important work of modernizing her agricultural methods, as the figures above quoted show. That work was interrupted by the war and the over-mobilization which foolish and short-

sighted bureaucrats brought about with such disastrous consequences. About 19,000,000 men were mobilized, not less than 10,000,000 actually serving at the front. Nearly four years of terrible warfare destroyed much of the gain that had been achieved, and internal revolution completed the process of destruction. We must regard Russia now as a potentially great agricultural country awaiting development, capable of furnishing an enormous supply of food to other nations. It is not an exaggeration to say that she is easily capable of providing abundantly for her own millions—even according to the greatly improved standards now recognized as desirable—and furnishing the nations of continental Europe with a large part of all the food grains they need.

For reasons already indicated, such a regeneration of Russian agriculture would benefit America as well as Europe. In a very real sense, therefore, the restoration and development of Russian agriculture is a problem of world-wide importance. Throughout the world the development of industry increasingly masses millions of people in cities and towns, and so makes the production of food upon a large scale essential to the life of every nation. More food must be produced if progress is to be maintained. There are vast tracts of grain-lands and grazing-lands in Russia which will not within any computable time be economically useful for any other purpose. In the utilization of these immense areas lies the hope of European civilization. We must remember that of the entire land area of Russia little more than 5 per cent.

was under cultivation when the war broke out. Adequate railway communications, storage facilities, and irrigation, together with a rational system of land tenure, would easily make possible the production of grain and other crops ten times as great as the highest total ever yet reached.

Not only that, but on the immense stretches of grazing-lands an enormous number of cattle can be maintained, adding another important contribution to the world's food-supply. The progressive industrialization and urbanization of the world makes the supply of beef and other flesh foods a very grave problem. Even in the United States this problem assumes a grave character. Meantime Russia with her practically limitless possibilities for such production is almost wholly undeveloped. While Argentina had, in 1913, about 5,320 head of cattle per 1,000 of her population, and Australia 4,600, Russia had only 390![1] Yet neither of these countries possessed greater natural advantages than Russia. Comparing Russia with the United States and Canada, we find her again at the bottom, though the difference is naturally not so enormous. The figures are: Canada, 1,050 head of cattle for each 1,000 of population; the United States, 860; Russia, as stated, 390. This was the situation before the outbreak of the war; naturally, it is now infinitely worse.

An important factor in the problem is the great scarcity of horses over the greater part of Russia. An immense number of horses were killed during

[1] In these figures 8 sheep or hogs are reckoned as equivalent to 1 head of cattle. See Goldstein, *op. cit.*, p. 18.

the war and a great many captured by the Germans. Hundreds of thousands of others have been killed for food. The result is that, according to the official organs of the Bolshevist government, horses have almost disappeared from some districts. In the country districts, says *Pravda*, there is only one horse to every 97 acres of ground, and there are many districts where 85 per cent. of the peasants have no horses at all. In Petrograd the number of horses in peace times was 69,000, but now—July, 1919—it is only 10,000.[1] Undoubtedly this condition will greatly stimulate the use of machinery in the development of Russian agriculture.

IV

It is not necessary to discuss here the conditions of Russia's industries with anything like the detail of the foregoing account of her agriculture. A very brief summary of the most salient facts will suffice for our present discussion of the relation of Russia's economic life to our own. As will be shown later on, Russian industrial development lags far behind even her agricultural production. This is shown at every point of comparison with the great industrial nations. It is perhaps sufficiently indicated for our present purpose by the fact that the total capital represented in all the industrial and commercial joint-stock companies of Russia, exclusive of banks and of railroads—the majority of which latter are state enterprises—

[1] *Commerce Reports*, United States Department of Commerce, No. 219, September, 1919.

was only about 2 billion dollars in 1917. That is to say, it approximated the stock-and-bond capital of the United States Steel Corporation. If we imagine the population of the United States increased to 179 millions, and its area nearly trebled,[1] and that outside of the banks and railways all the invested capital of the country was that now represented by the United States Steel Corporation, we shall be able to obtain a mental picture of Russia's backward condition from the standpoint of capitalist development.

The condition of the Russian railways and their utter inadequacy to meet the needs of the nation has been the subject of much comment. When the World War began the passenger and freight capacity of the entire railway system of the Russian Empire was barely in excess of that of Canada. In other words, 179 millions of people in Russia depended upon a railway service only equal in capacity to that possessed by 8 millions of people in Canada. Not only was the system of railway transportation altogether inadequate; it was badly managed and subject to graft, organized and unorganized. The wretched administration of the railroads under the bureaucracy was indeed one of the principal causes of Russia's economic retardation.

With all its shortcomings, however, it was, as Mr. Russell remarks, "the arterial system of Russia's body."[2] Constructed mainly with a view

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[1] The figures are: Russia, 8,660,000 square miles; United States, 3,026,7[illegible] square miles.

[2] Russell, *op. cit.*, p. 181.

to strategic advantages, it made it possible for food, fuel, and raw materials to be conveyed from the places of their origin to the industrial centers. It made possible the transportation of the cotton of Turkestan to the mills of Moscow, the coal and coke of the Donetz Basin to Petrograd, and American-made machinery from Vladivostok to the Caucasus. Great extensions of the railway system were planned, and would have been undertaken but for the war. While these were largely designed in accordance with military strategy rather than economic needs, they would have added greatly to the industrial development of the country.

The mobilization measures which were undertaken at the beginning of the war imposed upon the railways such a volume of traffic as to throw the whole system into confusion. Several times as many men were mobilized as could possibly be used or even equipped. No regard whatever was paid to the very elementary fact that railways and factories must be manned if armies are to be used. Millions of men were needlessly mobilized so that the transportation of men alone taxed the railways to the uttermost of their capacity. Freight was piled up, the whole system congested and choked. As the war proceeded, and the weeks and months lapsed into years, things grew steadily worse. Rails and road-beds gave out and there were neither materials nor men to replace them. Engines and cars wore out or broke, and there were few repairs and still fewer replacements. The "arterial system" of the nation was steadily weakened and well-nigh destroyed.

By the time the Revolution occurred in March, 1917, Russia was a nation in which millions of people were suffering from hunger, living upon the most meager rations, notwithstanding that there was abundant food in the country. The food could not be made available to the people in the great cities, simply because the means of transportation were lacking. Soon after Kerensky came into power it was officially estimated that the railway equipment and capacity was about 65 per cent. of what it had been at the beginning of August, 1914. At the same time, it was subject to the immense additional strain of war requirements, so that the actual relation of the railway service to the economic life of the nation was far worse than the foregoing official estimate reveals.

After the Bolsheviki assumed the reins of government things rapidly went from bad to worse. This was inevitable in the circumstances. Under Kerensky arrangements had been made for the rehabilitation of the railway system under the direction of the American Railroad Commission, headed by Mr. Stevens. That expert body could not have given Russia an adequate system of railroads, but it could and would have restored the existing system, supplied new locomotives and cars, and made it perform far more effective service than it had ever done before. The Bolshevist counter-revolution put an end to this great enterprise which was Russia's hope.

How the Bolshevist régime affected the railroads is clearly shown by Mr. Russell in figures officially published by the Bolshevist authorities

themselves. On October 1, 1917, there were 52,597 versts[1] of railroad in operation; on October 1, 1918, 21,800. On October 1, 1917, there were 15,732 available locomotives; on October 1, 1918, 5,037. On October 1, 1917, there were 521,591 available freight-cars; on October 1, 1918, 227,274.[2] Not all this serious deterioration can be fairly charged to the wretched incompetence of the Bolsheviki, or even to the inherent defects of Bolshevism, as Mr. Russell seems to believe. It is a fact, however, that the deterioration in the system of communication and transportation on which the life of Russia depended took place, under Bolshevism, at the very time when a vast improvement in the system was about to be made. No greater injury could have been inflicted upon the Russian people.

It is quite certain that if Russia is to live as a civilized nation—and doubt upon that point is surely impossible—her railway system will have to be restored and extended. This is an imperative necessity of her life under any rule whatsoever. Whether as a Bolshevist state, a Socialist republic, a monarchy, or a tributary and vassal state under the suzerainty of Japan or some other power, to live in civilization she must have railroads. In the near future this need will have to be faced and met. It will be necessary, first of all, to restore the existing system. Expansion will come later. Whether this restoration is to be accomplished by means of American capital or by German or Japanese, or by a combination of these two, is a

[1] A verst equals 0.663 mile.

[2] Russell, *op. cit.*, p. 184.

matter of profound consequence, not to Russia alone, but to this and every other civilized nation. It involves no stretch of the imagination to believe that the determination of this question will decide the course and character of world politics during the remainder of this century.

When the World War began Russia had approximately 46,600 miles of railway as against 261,000 in the United States, giving a mileage per 1,000 of population of 0.26 for Russia and 2.66 for the United States. In order to make the comparison intelligible and just it must be borne in mind that the enormous difference in the area of the two countries makes Russia's inferiority very much greater. To the fact that the United States has about six times the railway mileage of Russia must be added the fact that she has not much more than one-third as much territory.

Soon after the war with Japan the Russian government began to encourage private enterprise in the construction and operation of railroads. From 1908 to 1914 most of the new roads constructed were the result of private enterprise. For the concessions to build and operate these roads the companies paid to the Russian government certain stipulated percentages of the profits made, the state thus becoming a sort of partner with the private capitalists. In 1909 the state received from this source 3,900,000 rubles; in 1913 it received 34,000,000 rubles. In 1914 a commission reported on a plan for constructing some 18,000 miles of new railroads, 8,500 of which it was proposed to begin in 1915. In 1916, after the experi-

ences of the war had shown how perilous the situation was, there was another commission, which reported shortly before the Revolution. The plans reported by this body required that, including certain strategic military lines, there should be built in the ten years 1917–26 some 30,000 miles. It was proposed that 4,150 miles should be built in the first five-year period and 1,400 annually thereafter, these to be in addition to the strategic lines for military purposes. Even if this program were carried out Russia would still be very inadequately served. Her total railway mileage in 1927 would be something like three and a half times less than that of the United States in 1914.

These figures plainly show not only the great need for railway construction in Russia, but the more significant fact that the need has been very clearly recognized. Whenever the internal strife in Russia is brought to an end, and order takes the place of chaos, the leading minds of Russia will be directed to this great and vital problem. It is probably a conservative estimate that to bring the existing lines into good condition, to renew the outworn rails and rolling-stock, would require an immediate expenditure of not less than a billion dollars. Even if the minimum program of the 1916 commission above mentioned should be accepted as the maximum construction program to be undertaken, that would involve for the decade an expenditure of over four billions more. The construction of 4,000 to 5,000 miles of railway annually would require not less than 2,000,000

tons of iron and steel, more than one-half the total annual production for the years 1912–13.

It is self-evident that for carrying out this or any other comprehensive program of railway construction Russia will have to depend mainly upon foreign capital and foreign industry. Weakened by long years of war and revolutionary madness far worse than war, her treasury drained, her industries practically ruined, she has no alternative except ruin and decadence. That she will endeavor to secure the necessary capital and goods from abroad, in exchange for her securities, rich concessions, and raw materials, is beyond any question or doubt. The United States is better able to supply what Russia needs than any other country, and there are reasons of the greatest importance, reasons which transcend all sordid and selfish considerations, why she should do it. It is probable that in no other way can Russia be saved from the domination and economic control of the most dangerous and reactionary forces in the world, forces which, if they become possessed of Russia's almost limitless resources, will challenge, and perhaps overthrow, Western civilization. In this grave fact lies the challenge to America to regard Russia's rehabilitation as an American problem.

V

Prophecy concerning Russian political developments is proverbially difficult and hazardous. The student of Russian history and politics is constantly reminded of this fact, and the present

writer has no intention of assuming the prophetic rôle. He does not presume to forecast how or when Russia will settle the great internal conflict by which she is beset and torn. It seems highly probable that a crisis will be reached before long, perhaps before these pages are published. The present condition of affairs cannot be reasonably expected to endure for very long. That is the nearest approach to a prophecy which the writer will permit himself to indulge in.

There are at least three distinct possibilities confronting Russia. In the first place, it is possible that the Bolshevist régime will be overthrown, or will fall to pieces of its own inherent weakness, and that its place will be taken by a radical democratic government, Populistic rather than Socialistic, based upon equal suffrage. Such a government would be republican in form, of course, and would have to represent a coalition of liberal and radical democratic forces. It would resemble in its general character the Provisional government as it was under Kerensky, with men of the type of Paul Miliukov and Peter Struve exercising a greater influence than was possible at the time of the Kerensky régime. By many thoughtful Russians this is regarded as the most probable outcome, as well as the most desirable one.

Let us consider, very briefly, the task by which such a government would be confronted. This is not a matter of speculation, but of plain and obvious fact. Its task would be twofold. In the first place, it would have to face the imperative necessity of rehabilitating and regenerating the

economic life of the nation. It would have to find ways and means to restore the old railways and to build new ones. Even a very modest program, providing only the absolute minimum of land transportation compatible with economic safety, would require an expenditure of a vast sum, aggregating billions of dollars, as we have already seen. In addition to the restoration of the railway transportation system, it would have to find ways and means to build up its agricultural and industrial production. For this a vast amount of machinery would be required, agricultural machinery and implements for the farms and power looms, motors, turbines, and so on, for the development of the manufacture of textiles, iron and steel, mining, oil production, and the like. By state or private enterprise, or perhaps by a combination of both, hundreds of millions of dollars' worth of these and similar things would have to be secured without delay.

In the second place, the government would have to attend to the gigantic task of establishing the political life of the nation upon a stable and secure basis. It would be compelled to undo much of the ruinous work of the Revolution and its aftermath under Bolshevism. For example, take the dismemberment of European Russia: the position of the states which have declared their independence is such that, almost as a primary essential to life itself, the new Russian government must address itself to the admittedly difficult task of reuniting them to Russia and restoring European Russia as she was before the Revolution, with the exception of Poland and Finland, whose position has

been fixed by the Treaty of Versailles, and whose independence is not at all incompatible with Russia's welfare.

It may be fairly assumed that, in the event of such a triumph over the Bolsheviki as we are discussing, Siberia would continue to be part of Russia; that the government set up in Siberia by the anti-Bolshevist forces would welcome the opportunity to unite with a genuinely democratic Russian government based upon the will of the people freely expressed through a democratically elected Constituent Assembly. That, at any rate, has been the avowed aim of the Omsk government throughout all the vicissitudes of its stormy life. Given such a reunion, the Russian Republic would be smaller than the old empire of the czars only by the total area of Finland and Poland, a trifle in comparison with the immense area involved. It would stretch from Riga to Kamchatka, and from Odessa to Vladivostok.

We have only to picture Russia weakened and crippled by years of war and revolution unparalleled in modern history, struggling under the immense burden thus outlined, to realize how enormously difficult it would be for her to defend herself against an aggressive and powerful neighbor. Japan, dominating the whole life of China, absolutely in control of Manchuria, could take southeastern Siberia at any time, if Russia were forced to rely upon her own resources. Only the League of Nations could protect her against aggression by Japan. Moreover, we shall do well to remember that, *in certain by no means impossible circum-*

stances, Japan may be powerful enough to defy successfully the League of Nations, no matter how strong the League may be. Her hegemony of Asia securely established, she could challenge the Western World.

Let us consider now the second of the three possibilities confronting Russia. It is quite possible that the Bolsheviki will not be overthrown, but will retain their control of Russia west of the Urals. This would probably only be made possible by the abandonment of the worst features of Bolshevism by the Bolsheviki themselves. As a matter of fact, this process had already begun in the summer of 1919, as Tchaykovsky and other Russian leaders pointed out. A reformed Bolshevist régime might very well manage to maintain itself in power and to secure recognition by other nations, with a consequent resumption of trade relations. Siberia would be left to itself, an independent state.

If this should be the outcome there is every reason to believe that Germany would be given every possible economic advantage over any other of the great nations in all commercial relations with Bolshevist Russia. This is indicated by the whole history of the Bolsheviki and their notoriously intimate relations with Germany. It is not merely a question of natural advantages due to geographical position, but of deliberate governmental policy. The Bolsheviki have made no secret of the fact that they are willing to trade "concessions" of all kinds for raw materials, including their richest forest areas and mining lands.[1]

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[1] See Ransome, *Russia in 1919*, pp. 105, 161, etc. See also Appendix B at end of this volume.

Pavlovitch, Krasin, Rykov, and other Bolshevist officials have had to fight constantly against attacks by those who charge them with "selling Soviet Russia into the hands of foreign capitalist-imperialists." No one who is familiar with the circumstances doubts that in the event of the Bolshevist government retaining its power Germany will be its economic master.

On the other side of the Urals a great deal would depend upon the nature of the government established in Siberia. There is no likelihood that Siberia will accept any union with European Russia under Bolshevist rule, even if the latter be reformed. If the liberal democrats and Socialists should win in the struggle against the reactionary militaristic and monarchistic elements, Siberia would be dominated by elements strongly favorable to the Western democratic nations, and especially to the United States. A democratic Republic of Siberia would be subject to two very great and grave perils—one military, the other economic. On the military side it would be menaced by aggressive Japan. Not for many years would Siberia possess the population and military strength necessary to defend herself against a serious and determined attack by Japan. The only defense of Siberia's independence, should such an attack be made, would be the League of Nations dominated by a determination to defeat such aggression by Japan, no matter what the cost might be.

Siberia's economic peril comes partly from Germany and partly from Japan, or, more accurately, Japan-China. The danger is that Siberia

will be obliged to place herself under the economic control of Germany and Japan. Against this the League of Nations cannot protect her. The League will not interfere with the "peaceful penetration" of Siberia by Germany or Japan or both; it most assuredly will not compel Siberia to suffer decay and ruin for lack of the things essential to her life, things which she must obtain somehow, preferably from America, but if need be from Germany and Japan. To save Siberia from this peril the United States must supply the things required to place her upon her feet in a position of economic security.

We come now to the third possibility, namely, the separation of Siberia from Russia under monarchical government. Whether Bolshevism, reformed and modified, prevails in Russia or such a liberal democratic republic as has been sketched, the reactionary militarist and monarchist forces may triumph in Siberia and set up a monarchy. This they may do with or without Japanese aid. In either case, such a government would be allied in sympathy with Japan. The semi-Oriental Japanese monarchism conforms to the natural instincts of the great mass of monarchists, bureaucrats, and aristocratic military officers who have centered around the Omsk government, co-operating with other elements in wresting Siberia from the Bolsheviki. Their pro-Japanese inclinations have been clearly manifested throughout the struggle and have caused great uneasiness among the democratic forces.

The danger to the Western World from such an outcome of the Siberian struggle is obvious enough.

The immediate result would be an alliance between Siberia and Japan, with Japan in control. This would mean that the vast resources, human and material, of Japan, China, and Siberia would be united under the highly efficient and equally unscrupulous leadership of "the Asiatic Prussia." Such an aggregation of military and economic power as that could flout the League of Nations. In actuality it would amount to a rival league. No "economic boycott" could be effective against such a combination, for the simple reason that it could easily extend its power over practically all of the rest of Asia, finding sufficient opportunities for economic exploitation to last an almost incalculable time. Hindustan, for example, would almost certainly be brought under this hegemony.

There remains yet another factor in the problem to be taken into account, namely, the possibility that Germany may join hands with Japan. The Junker class is still strong and powerful in Germany, and it is quite possible that it may regain control before very long. As a monarchy, and perhaps even as a republic completely dominated by militarist and imperialist motives, an alliance with Japan upon terms which would leave her free to exploit European Russia would not be unnatural. It is well known that during the war, especially during the period prior to the entrance of the United States into the conflict, pro-German sentiment was rampant in Japan. On more than one occasion Japanese statesmen and diplomats made veiled threats of a separate peace with Germany and subsequent alliance with her. It was by such

a threat, cunningly veiled, that the secret agreement of 1916 was forced upon Russia. A Berlin-Tokio combination is quite possible. Such a combination would be far more formidable and fraught with far greater menace than the old Berlin-to-Bagdad vision of the Pan-Germanists.

Any such orientation of world power as we have been discussing must inevitably produce a profound effect upon the great Occidental nations. It is safe to say that by no nation would the consequences be more seriously felt than by the United States. It requires no surrender to sensational anti-Japanese sentiment to realize this fact. The consolidation of political, military, and economic power from Berlin to Tokio would make inevitable the militarization of every civilized nation not included in that combination, in preparation for another great struggle. And even if we omit Germany altogether, considering only the development of a Pan-Asian empire under Japanese leadership and direction, the consequences to Occidental civilization can hardly be regarded as less serious. In a struggle between the East and the West the United States would be compelled to assume a burden incomparably heavier than any it has yet had to bear.

VI

Here and now we are concerned with the imperative necessity of a program of economic reconstruction in Russia involving a stupendous volume of trade. Whatever the outcome of the

internal conflict, and whatever the nature of the government or governments which shall be intrusted with the great responsibility of governing Russia, the minimum economic program must be essentially the same and must involve a colossal outlay. That program is of very great and vital importance to the United States.

There is nothing to be gained by trying to gloss with sentimental idealization the hard, cold facts of life. We are a capitalist nation, living in a capitalist world in an era of capitalism. Some of us believe that another form of society would be better and give larger happiness to a far greater number of people. In the mean time, only visionaries and addle-pated chatterers profess to be indifferent to the success or failure of our capitalist enterprise. Failure means disaster and suffering for the masses, not merely a loss of profits for a small class of investors. If a great foreign market is closed to our trade for any reason, unless others as great or greater are opened up, the contraction of the market affects adversely the whole economic life of the nation.

It is exceedingly doubtful whether any nation with a highly developed industrial system could, acting alone, emancipate itself from a large measure of dependence upon capitalism, so long as other leading industrial nations maintained capitalist methods. That, however, is an academic question merely, for whoever is guided in his thinking by the realities of life must recognize that there is not the remotest chance of such an attempt being made. Even if we had a government composed

wholly of Socialists, that government would have to protect and foster foreign trade, or bring about a terrible amount of poverty and suffering. And as long as the nations so traded with retained capitalism, so long would our trade relations make the whole subject of capitalist prosperity of vital importance to us.

A congestion of the world market for the principal products of industry, a general decline in the demand for manufactures, necessarily means idle factories, unemployment for many wage-earners with resulting poverty and its concomitant evils. It is sheer economic ignorance to contend that the development of trade opportunities is of moment only to the relatively small class of capitalist investors. On the contrary, every wage-earner employed in industry is directly and intimately concerned. Indeed, there is no part of the social body which is not affected.

From this point of view, the question of our participation in the enormous volume of trade essential to Russia's regeneration and reconstruction becomes a social question affecting the whole nation. When we reflect that normally, in the absence of some great and unusual demand arising from exceptional circumstances, the early part of 1921 may be expected to mark the beginning of a period of industrial depression, the inevitable Russian demand assumes additional importance. *It is obvious that the volume of trade which the Russian development must create will, if we secure it, suffice to carry us through what must otherwise be a period of great depression and hardship, with every mill*

and factory running to its full capacity, and with every worker fully employed.

If this were the only issue at stake it would abundantly justify the claim that Russia's economic reconstruction is an American problem. It is to the interest of every American, *and especially of the working-class of America*, that every honorable means, compatible with justice and friendship to Russia, be used to secure the right to supply the bulk of the stupendous mass of machinery and manufactured goods which Russia must have in order to live as a civilized nation. By so doing we shall gain great advantages for ourselves. There is a selfish motive, therefore, but none need attempt to disguise or disavow it since the advantage to Russia will be equally as great as to us. For us it is a question of profit; for Russia a question of life.

The great program of reconstruction we are discussing is not something which Russia can adopt or reject, hasten or delay, according to her desire. The need is urgent and imperative, a matter of life or death. She must have steel rails and locomotives and machinery for manufacturing. If America does not furnish them they will be furnished by some other nation or nations, in all probability by Germany and Japan, the lion's share going to Japan. Controlling the greater part of China's resources, with an abundant supply of cheap labor, Japan is perhaps the only nation besides the United States in a position to meet Russia's requirements. This she can do, in large part if not altogether, either alone or in co-opera-

tion with Germany. Even if we leave out of account altogether the possibilities of political and military domination of Russia by these two nations, an alliance dominating eastern Europe and the whole of Asia, we must face the possibility of an economic alliance. It would be a perfectly natural arrangement for these two nations to unite upon an economic policy which would give to Germany the economic control of European Russia, and to Japan the economic control of Asiatic Russia.

We shall see in subsequent chapters how in the pre-war period Germany strove with eager persistence to dominate Russia's economic life. We shall see, also, how Japan by closely copying the German methods made rapid and substantial progress toward the realization of a like mastery of China's economic life. There is no reason to believe that the changes which have taken place in Germany have been of such a profound nature as to alter her attitude toward Russia. Economic imperialism continues to be the dominant motive of her rulers. As a matter of fact, even before her sullen delegates signed the Peace Treaty at Versailles, Germany was working with all her characteristic energy and cunning to reclaim her lost ascendancy over Russia's economic life. There are still elements in that great country ready to welcome Germany and to aid her whenever it can be done with safety. There could be no greater mistake than to regard Germany as a reformed nation, no longer a menace to Russia.

It would be easy to present a formidable array

of evidence in proof of the statement that Germany began her efforts to reclaim her economic ascendancy over Russia before the armistice was ended, but the following typical examples must suffice. It is well known that Krasin, the Bolshevist People's Commissar for Trade and Industry, was not a Socialist at all, nor in favor of the Revolution.[1] It is not so well known, however, that he was for many years the manager of the great German firm of Siemens-Schuckart. He is an engineer and in the summer of 1919 was engaged in trying to bring about the development, by German capitalists, of the long-mooted Great North Way scheme. This would link up the Siberian waterways with the Murman coast, the Baltic ports, and the great waterways of European Russia. It would give Germany the economic domination of the whole of northern Russia. Krasin offered the concession for this great prize to his intimate friend, Ullman, an engineer acting for a great German concern.[2]

According to Nicholas Tchaykovsky, soon after the defeat of Germany by the Allies Krasin was offered three portfolios by the Bolshevist government, the portfolios of Commerce and Industry, Transports, and War and Munitions. Krasin accepted, but stipulated the following conditions:

(1) The appointment of German specialists in all branches of his departments, quite regardless of their social or political views.

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[1] See Ransome, *op. cit.*, pp. 153–155.

[2] An account of this was given by Gregor Alexinsky, the well-known Russian Social Democrat, in an interview published in *The New York Times*, September 17, 1919.

(2) The abolition of all workers' and employees' committees of control and the appointment in their place of responsible directors with full powers.

(3) The introduction of the piece-work payment system instead of day-work payment, of overtime work in factories and on railroads where necessary, regardless of the eight-hour day legislation.

"All these conditions were accepted," says Tchaykovsky, "and at present M. Krasin, at the head of an important organization of German technical experts of all kinds, is working to bring order into the Bolshevist chaos. Delegations of German merchants, whose arrival in Russia was recently announced in the press, are coming to arrange the import into starving Germany of raw materials from Russia. However, the political power remains in the hands of the Bolsheviki, in spite of all concessions to common sense, with only two modifications: the terror is better organized at present than at the beginning, and German specialists have now as much power as the German managers, slave-drivers used to have at the time of serfdom. This is, in brief, the direct consequence of the natural evolution of Bolshevism in Russia. It is to attain this end that the Bolshevist leaders, like Trotzky, say 'they will fight until they are let alone.'"

On August 7, 1919, it was said in the British House of Commons, by Mr. Raper, M.P., that a very powerful syndicate of German banks had been formed, under the leadership of the Deutsche Bank, for the economical exploitation of Central Russia. It was said that this syndicate had

recently sent a special commission to negotiate with the Bolshevist government with regard to the exportation from Russia to Germany of grain and raw materials, and the importation into Russia of German manufactured goods.[1] Corroborative evidence of the activity of the Germans in this respect, and of their close relations with the Bolshevist government, appeared in great abundance in the Swedish and Danish Socialist press from July, 1919, onward, coming from both German and Russian sources. There can be no doubt whatever that there is danger that Russia—European Russia, at any rate—will again fall under the blighting control of German economic imperialism. The whole body of liberal democratic thought in Russia is fully aware of this and would, therefore, greatly prefer to deal with the United States.

Japan has been equally active in her efforts to gain a strangle-hold upon the economic life of Siberia. Undoubtedly she would like to annex Siberia, or the southeastern part of it, and will do so if favorable opportunity presents itself. This is made clear by the facts presented in a later chapter.[2] Even if the issue of the conflict in Russia is the most favorable one imaginable, and the liberal and radical democratic forces succeed in controlling and welding together Greater Russia, that fact alone will not prevent the subjection of Russia to German, Japanese, or Japanese-German economic bondage and spoliation. The fundamental fact of all is that Russia must have an

[1] *Manchester Guardian*, August 8, 1918.

[2] See Chapter IV.

immense mass of things for which she is able and ready to pay. She must have cloth, clothing, shoes, tools, machinery, and railway equipment in an almost unlimited quantity. For these things she can soon pay with great quantities of raw materials which are needed by this and other nations.

If we seize the opportunity we shall render Russia a great service and link her to the civilization of the West by strong and enduring ties, while, at the same time, we make immense gains. If, on the other hand, we fail and Russia is compelled to turn to Japan, she will be linked to the civilization of the East and become an important element in an orientation of power full of peril to all the democratic and progressive nations of the world. All that is best in Russian life turns instinctively to the West, desiring unity and fellowship with the Occidental nations. Whether that desire shall be fulfilled or Russia be compelled to wear the Oriental yoke is primarily an American problem.

II

RUSSIA AND WESTERN CIVILIZATION

I

THERE are few countries whose history and politics present so many difficulties to the foreigner as do the history and politics of Russia, the great land, neither Asiatic nor European, so aptly and justly described as "the land of paradox." Because she is neither Asiatic nor European Russia puzzles equally the Oriental and the Occidental mind. This is the natural result of her geographical position, and of the history of upward of a thousand years, conditioned, in large measure, by that position, which made her a buffer between the Orient and the Occident, separating Europe from Asia, and subject to great pressure on either side.

Eleven centuries have passed since the warring Slav and Finnish tribes who were the progenitors of the Russians of to-day invited certain Scandinavian princes to rule over them. Thus the foundations of the great Russian Empire were laid. The original tribes were predominantly European, and the first power to weld these tribes into something like a nation was European. Fundamentally, therefore, Russia is a European nation. Not-

withstanding this fact, however, the Russians of modern times can hardly be said to have wholly identified themselves with European civilization.

The reason for this is not difficult to discover. For the greater part of her history Russia has been subject to tremendous pressure and aggression from Asia. During many centuries invading hordes of Asiatic barbarians not only threatened her existence and absorbed her energies, but, what is equally important, they made it almost impossible for her to develop naturally along lines of her own choosing. In particular they rendered difficult anything like adequate communication with the great nations of western Europe. Again and again the hordes of Asia swept over Russia and for centuries held the land and its peaceful people in subjection. When an invasion took place the marauders devastated the country and inflicted great suffering upon the people. In the intervals, in times of peace, the people were forced to pay taxes to the Asiatic foe, taxes which kept them in poverty and economic bondage. When we remember the long period of years during which Russia bore the Tatar yoke, and the fact that for the greater part of ten centuries she had to exert her might to withstand the rapacious attacks of the robber nomads who were her most powerful neighbors, it is easy to understand why this nation of European origin has developed characteristics so un-European.

When Vladimir I, the pagan Varangian, introduced Christianity and the Byzantine Orthodox Church into Russia he opened up what, but for

Asiatic interference, would have been a permanent direct channel of communication between Russia and western Europe. Not the least serious of the consequences of the Asiatic aggressions was the severance of the communication between Russia and Byzantium, through which the former was brought into touch with Western civilization. Vladimir the Holy, as he is known, was as brutal and as treacherous a pagan as ever lived prior to his sudden conversion to Christianity and the Orthodox Byzantine Church, which became the Orthodox Russian Church.

Byzantine influence upon Russia has been immeasurably great, alike in its effect upon the character of the Russian people and upon their political and social institutions and ideals. Byzantine Christianity was admirably adapted to Russia, its very elements of corruption from Oriental sources fitting it to serve a nation likewise subject to Oriental infusion. Whatever heritage of Greek culture it had received was corrupted by long contact with Asia. There was little of the democratic spiritual idealism of Hellenism in the ecclesiastical system which Byzantium imposed upon Russia. In place of the freedom of belief which characterized the religion of the ancient Greeks, and the rich and fruitful individualism which it fostered, Byzantine orthodoxy insisted upon narrow uniformity, servility, and formalism and produced a soulless, dogmatic scholasticism. For the democratic ideal of Hellenism it substituted a semi-Oriental despotic monarchism.

Thus Byzantine orthodoxy exerted upon Russia

an influence that was far from being exclusively spiritual. Its influence upon the political and social development of the country was even more profound. The peculiarly strong position of Russian monarchy during so many centuries, the sincere reverence for the czars, was the natural result of the theocratic character of the Orthodox Church. In modern Russian politics Byzantinism has long been a synonym for ultra-conservatism. It must be remembered also that from the beginning the Byzantine religion was closely interwoven with the economic life of the nation. It was after the Greek merchants had developed their highly profitable trade relations with Russia that the Greek Church laid the foundations of its remarkable rule there. And it was trade with Byzantium, more than anything else, which paved the way for the great imperial vision of successive czars, the vision of Constantinople wrested from the Mohammedan Turk and restored to Christian rule by Russia. Thus the dominant feature of that foreign policy which for centuries has so profoundly affected Russia's relations with the rest of the world grew out of the momentous act of Vladimir, the selection of the religion of Byzantium for his people.[1]

When the Asiatic invaders in the eleventh and twelfth centuries deprived Russia of direct communication with Byzantium they imposed upon her a great loss. It was through Byzantium that she had contact with the civilization of the West.

[1] There is an admirable discussion of this whole subject in the work of the well-known Russian Social Democrat, Gregor Alexinsky, *Russia and Europe*, 1917.

To break that contact in the most important formative period of her history, and thus to impose upon her isolation from the main currents of European influence, proved a serious matter for Russia. To the hordes of invaders who came across the great steppes, like a mighty tide of savagery, may be fairly ascribed no small part of modern Russia's difficulty to understand, or be understood by, the European nations and our own European-bred nation.

II

From the early part of the seventeenth century down to the last decade Russian history discloses an ever-growing revolt on the part of the Intellectuals against the Russian Orthodox Church and against Byzantinism. At first this appears as a form of religious liberalism, a revolt against the dogmatism and ritualism of the church. Quite early, however, we discern a much broader and profounder purpose. The revolt is seen to be directed mainly against those elements of Byzantine religion and ecclesiasticism which suggest Asiatic origin, and it is accompanied by a cult of Occidentalism, an almost fanatical idealization of the culture of western Europe. There is a definite propaganda in favor of the adoption of the ideas, ideals, political institutions, and ways of life of western Europe. The advocates of this policy came to be known as *Zapadniki*, that is, admirers of western Europe, the name being derived from the word *Zapad*—West.

Through the whole intellectual history of eigh-

teenth-century Russia runs the passion for Europeanization. Peter I had gone in for a certain amount of Europeanization, principally in external, material things, against the strong protests of the conservatives. But neither he nor Catherine II possessed any great amount of sympathy with the spiritual ideology of the *Zapadniki*. In the early part of her reign Catherine did indeed profess great admiration for French literature, which was already burgeoning the spirit of revolution. She patronized and flattered Voltaire and the Encyclopedists, yet when the French Revolution occurred and stimulated the *Zapadniki*, as was inevitable, she became a fanatical oppressor and used every means at her command to exterminate the slightest vestige of French idealism. The old Byzantine religion with its sanctification of monarchical absolutism was far more attractive to her in this later period than the ideas of Voltaire and Diderot in which she had found pleasure in the days when they seemed too remote to imperil the Russian monarchy. In vain she tried to divert the current of Russian intellectualism away from dangerous Occidentalism back to the old Byzantine channels. The best minds in Russia were subjected to harsh punishments, but nothing could arrest the onward march of the spirit of the French Revolution.

Ever since that great event the intellectual life of Russia has continued to reach out to western Europe, and to the great American Republic which is so closely and intimately related to western Europe in its culture. All that is best in modern

Russian life partakes of this spirit and feels a community of interest with the democratic culture and aspirations of those nations most permeated by the spirit of the French Revolution—that is to say, the nations of western Europe and the United States of America. On the other hand, the reactionary elements in Russia have steadfastly preferred and fostered union with those nations in Central Europe least affected by that spirit.

These are facts of the highest importance to us in these critical days. It is not easy to overestimate their importance when once we have perceived their significance. They mean that there is already established in the best minds of Russia a deep-seated preference for our ideals and our ways over those of any of the nations of Asia, on the one hand, or of Central Europe, upon the other hand. By the overthrow of czarism Russia destroyed a form of government which was semi-Oriental and admirably adapted for communion and co-operation with Asiatic imperialism and correspondingly ill fitted for communion and co-operation with us. By that great fact we are confronted with a splendid opportunity to become the chief factor in the economic reconstruction of Russia. If we fail to understand that opportunity and to use it, we shall not only lose the chance to forge chains of enduring friendship with one of the greatest potential powers in the world, but we shall force Russia to orientalize her economic life, and perhaps to become linked for centuries to that Asiatic power whose rapid growth is a potential peril not to be lightly considered. That would be

as disastrous for us as for Russia; indeed, ours might well prove to be the greater disaster.

III

It is an interesting fact that whereas the spiritual and cultural development of modern Russia has been toward a union of understanding with the democratic nations, her economic evolution has been controlled by a very different spirit. Contemporaneous with her growing intellectual and spiritual union with the most democratic nations has been her growing economic union with the least democratic and most militaristic of the great nations. The huge French loan of 850,000,000 rubles in 1906 was at once a check and a challenge to the progress of that economic union with Germany. The real object of that loan, which was the principal factor in defeating the revolutionary movement of that time, was not the maintenance of czarism. From every point of view the French capitalists, like those of England, would have preferred a constitutional government on democratic lines. What the financiers of western Europe feared was that Germany, already having a strangle-hold upon the economic life of Russia, would take advantage of a revolutionary uprising in Russia, and the consequent disorganization of the country, and become the absolute master of Russia, politically and militarily as well as economically. With such a control of the great Slav empire, Germany would necessarily have become the invincible dictator of Europe, and therefore of the world.

The subtle political strategy of the great French loan, for which British diplomacy was mainly responsible, illustrates in a remarkably clear way the sinister and dangerous power of financial imperialism. That in this instance its results were, upon the whole, beneficial, that German domination of Europe would have been disastrous to mankind, and that it would have upheld czarism and prevented the achievement of democratic government in Russia, must not be permitted to minimize or obscure the fact that irresponsible international finance is a menace to the peace and security of nations.

How great the control of Russia's economic life by Germany had become is seen by the fact that in the first half of the year 1914, of the total imports into Russia 49.6 per cent.—almost one-half—were from Germany, as against 13.3 per cent. from England, her nearest competitor. That fact alone demonstrates the baselessness and insincerity of the loud protestations against "the terrible competition of the British" made by German leaders shortly before the outbreak of the World War. The fact is that Germany was steadily gaining over all her competitors in the Russian market, and gradually progressing toward her cherished goal—the complete monopolization of Russian trade and commerce. As early as 1902 Professor Goldstein, of the University of Moscow, in a special report to Count Witte, the Russian Minister of Finance, pointed out that unless Russia radically changed her foreign trade policy she must inevitably become a German colony. Three years later

the commercial treaty with Germany aroused great interest and anxiety and the term "German colony" as a description of Russia came into frequent use. The most thoughtful students of Russian economic life realized that it could not fail to be gravely dangerous for Russia to permit her great natural resources, her industries, her commerce, trade, and banking, to be monopolized by any one country. Most of them realized that what must needs be dangerous in any case was doubly so when the monopolist country was Germany, the most aggressive and ambitious of all the Western nations.

It is obvious that the geographical propinquity of Germany gave her a very great natural advantage in dealing with Russia. But it was not to that advantage alone, or even mainly, that Germany owed her rapid progress toward complete economic domination of the Czar's empire. Other factors were even more influential. In the first place, as already noted, the reactionary elements in Russia favored Germany as against more democratic countries like France and England. It had long been a cardinal principle of Germany's foreign policy to secure large and ever-increasing power over the government of Russia. The Czar's bureaucracy was saturated with German influence and German sympathy. The Czar himself seven-eighths German, married to a German princess; many of the leading government and army officials either German or connected by marriage ties with Germany; the secret service largely controlled by Germans or by Russians with German wives; the great landowners of whole provinces of German

descent and speaking German—such facts as these made Germany's economic conquest of Russia relatively easy. The census of 1897 showed that there were resident in Russia twenty times as many German subjects as British subjects, the figures being 158,103 Germans to 7,481 British. These figures do not tell the whole story, however, for there were 1,790,500 persons in Russia whose language was German, not Russian. Numerous colonies of German settlers, no longer counted as German subjects, aided Germany's designs.

Secondly, Germany's economic policy toward Russia was essentially a form of warfare. Her system of "export bounties" was not only designed to give German capitalists an immense and unnatural advantage over their competitors from other lands, but also to prevent in a most effectual manner the normal development of Russian industry, and, therefore, of her economic independence. These export bounties made it possible for German manufacturers to sell goods in Russia at prices far below those which obtained in Germany for the same goods. Sometimes, indeed, goods were sold in Russia for less than it cost to produce them. This weapon of export bounties was used also in the markets of France and England. Thus, in 1909, the Rheinland-Westphalia Coal Mines Syndicate sold coal in France at a net price just one-half of that obtained in the domestic market. The German syndicate of alcohol distillers for years sold its product in the London market at one-half the price charged for the same product in the home market.

Serious as such competition must be to highly developed industrial countries like France and England, to countries whose industries are weak and undeveloped it is infinitely more serious, because it makes the development of native industry practically impossible. The only chance such a country has is to protect itself by imposing very high import duties with a view to making general importation difficult and well-nigh impossible. This Russia was compelled to do. Before the World War her import duties were exceedingly high, averaging almost one-third of the value of the products. But the remedy here was perhaps worse than the disease. It meant that the same obstacle was opposed to the imports, greatly needed and desired, from fair-dealing nations whose trade would have an opposite effect from that of Germany and stimulate native industry instead of crushing it. She could not discriminate against Germany by special import duties without bringing about a state of war with that country and inviting extermination.

A brief study of the commercial tables will show that in one very important respect the trade of Russia and Germany was unlike that which is carried on between free nations to their mutual advantage. It resembled rather that form of trade by means of which a colony is exploited by the nation owning and governing it. Trade between free nations is co-operative and mutually helpful. While each nation may specialize according to the nature of its natural resources, its population, and its particular evolution, the net result

is an all-round industrial development. But in the case of a colony exploited by the nation exercising sovereignty over it the former is frequently kept from developing its own industry along normal lines. It is required to furnish to the ruling and exploiting nation its raw materials and to accept from the latter its manufactured goods. This was precisely the position of Russia in her trade with Germany. She exported to Germany her raw materials and imported them as manufactured goods.

As I have pointed out in an earlier work,[1] German statesmen long made it one of their principal tasks to contrive to prevent Russia's industrial development and to keep her in a backward economic condition. As a highly developed industrial nation Russia would have been a competitor as well as a customer. With her vast natural resources she might well have become, in a comparatively short time, Germany's most formidable rival. In particular her geographical position would have given to Russia an enormous advantage in the competition to supply the great markets of Asia. On the other hand, as an agricultural country Russia would be a great provider of important raw materials of basic importance at a low price, as well as a great buyer of German manufactured goods.

Of course, it is quite possible, and even highly probable, that, in the long run, a policy the very opposite of this would have been more successful. England, the success of whose foreign-trade policy is hardly disputable, found it profitable to aid

[1] *Bolshevism*, New York, 1919, pp. 79–80.

rather than hinder the industrial development of the countries with which she traded. British traders and statesmen saw profit and advantage to England in the rapid industrial development of Germany and the United States. The competitor is also a customer; retarded economic development inevitably means relatively low consumption. That is why German merchant-ships were free to enter British harbors without let or hindrance; why British statesmen placed no obstacle in the way of Germany's progress as a maritime mercantile power. The difference between the policies of the two nations was due to the fact that the policy of England was the natural development of capitalism influenced by a minimum of state interference and policy, while that of Germany was artificial, the product of statecraft rather than of capitalism pure and simple.

However that may be, and whatever may be the explanation of the differences of method, it is quite obvious that the commercial policy of Germany in her dealings with Russia tended, in direct proportion to its success, to isolate Russia from the general industrial advance of Europe and to keep her in an anachronistic state. Not merely was the state in which she sought to keep the great Slav nation an anachronism, an eighteenth-century system in the world of the twentieth century; it was also an anomaly which could not long exist. The economic life of Russia could not be subject to German monopoly and her political independence left to her. Once Germany—or any other nation—became the ruler of her economic life, her political

domination by that nation must soon follow. Russian nationalism sought freedom from Germany's economic domination, therefore, as a means to the preservation of her political independence as a nation. That is why the best thought of modern Russia has desired closer economic co-operation with western Europe and the United States, precisely as it has reached out for closer intellectual and spiritual relationship with them.

IV

As far back as the days of Ivan the Terrible we find Russia reaching out to Europe for assistance in the development of her economic life. It was not merely for commercial intercourse, as many writers have taken for granted, but for aid in the development of an indigenous industry upon which her prosperity might be firmly based. Commercial intercourse, upon a quite considerable scale, there had been for several centuries before the time of Ivan the Terrible. There was an influential merchant class fully five hundred years before that time. In centers like Kiev, Novgorod, and Pskov Russian merchants met and traded with merchants from foreign countries. The Russians exchanged skins, flax, wool, wheat, honey, and other products for wine, weapons, manufactured silks and woolens, and so on. As early as the twelfth century the merchants of Gothland founded regular market "courts" or "yards," which later, in the fourteenth century, were brought under the direction of the Free Towns of the Hanseatic League.

By this means the entire trade passing through Novgorod was controlled by the Hanseatic League. The merchants of Novgorod became virtually middlemen, agents merely for the factories of the Hanse towns. They bought, at prices fixed by the League, the goods which Russian merchants had gathered and turned them over to the League. In the same manner they sold the goods produced in the Hanse towns to the Russian merchants, also at prices fixed by the League. This monopoly was strikingly like that which in the opening years of the twentieth century Germany sought to attain in her trade with Russia. It was not challenged until Swedish and Livonian competitors, toward the close of the fifteenth century, began to draw the trade of Russia along new routes. It was not broken up until well on in the sixteenth century, when the English appeared on the scene and opened a new chapter in Russia's economic history.[1]

Before the English came, during the latter part of the fifteenth century, in the reign of Ivan III, the principality of Moscow made the first real attempt to create an enduring civilization in Russia and to introduce European industrial methods. Architects, engineers, masters, and artisans of various crafts and physicians were imported from Italy. "Among them were celebrated masters like Fiorventi, nicknamed Aristotele, Petro Antonio, and Marcus Aloysius. Fiorventi taught the Muscovites how to make bricks and lime and the use of machinery; he founded cannon and constructed a

[1] *Cf.* Paul Miliukov, *Studies in the History of Russian Culture*, Part I.

floating bridge near Novgorod," says Alexinsky.[1] These Italian pioneers gave a great impetus to Russian industrial capitalism, though it was, of course, petty industrialism.

With the coming of the English in the sixteenth century, during the reign of Ivan the Terrible, a new spirit of daring and energetic enterprise was brought into play. Ivan III had freed Russia from the Tatar yoke and his grandson, Ivan the Terrible, carried on the struggle against the ancient foe, wresting territory from the Tatars for the first time in history and making the Volga a Russian river. The Muscovite had crushed the great Asiatic foe which in the name of Mohammed had so long menaced Christian Europe.

After his epoch-making successes against the ancient foe, Ivan the Terrible turned his attention to the west. He saw with remarkable clarity, which proves his sound statesmanship, that Russia must be raised in civilization to the level of her western neighbors. He saw, also, that expansion westward and the attainment of a seaboard which would give direct communication with western Europe was far more desirable than expansion eastward. Just as he had carried to a triumphant conclusion the struggle against the Tatars so well begun by his grandfather, so he undertook to carry forward the work of promoting civilization which Ivan III began. Far more clearly than Ivan III, as clearly, in fact, as Peter the Great saw it nearly two centuries later, he saw that such a civilization to be enduring must be founded upon

[1] *Russia and Europe*, by Gregor Alexinsky, pp. 24–25.

a sound economic basis. He sought, therefore, to establish industrialism in Russia. To this end he proposed to foster the immigration of thousands of master-workmen and skilled artisans into his realm. To reach the western seaboard he planned to subjugate Livonia.

To carry out his scheme of promoting the wholesale immigration of workmen he sent a Saxon agent as envoy to the Emperor of Germany. But his immediate neighbors to the west were alarmed at the prospect of a civilized and greatly strengthened Muscovite empire and determined to thwart his immigration scheme. When Ivan's agents collected about 125 Germans and brought them to Lübeck for shipment, Charles V dispersed them. The famous Livonian Order would not permit the immigration scheme to be carried out. The attitude of Ivan's western neighbors is fairly indicated by the threat of the King of Poland that he would put to death English sailors who should try to trade in arms with Russia. They felt that the Muscovites were already formidable enough without being strengthened by direct foreign trade with western Europe, the importation of arms and hosts of skilled workmen. Said the Polish king, "The Muscovite, who is not only our opponent of to-day, but the eternal enemy of all free nations, should not be allowed to supply himself with cannon, bullets, and munitions or with artisans who manufacture arms hitherto unknown to those barbarians."

In 1553, some five or six years after the Livonian Order prevented the importation of German workmen, a British ship belonging to a squadron which

was trying to reach China by the Northeast Passage entered the northern Dvina. According to some authorities, Ivan the Terrible heard of the ship which had thus got astray and sent for her officers to visit him in Moscow. Other accounts say that the captain of the ship, Richard Chancellor, himself conceived the idea of going to Moscow in quest of trade. In any event, he met with a most favorable reception at the hands of the ambitious Czar, and on his return to England Queen Mary sent to Moscow a special envoy who arranged a trade agreement under which Englishmen were given the right to trade freely in Russian towns and Russians the right to trade with equal freedom in England. While the latter right had little practical value, owing to the lack of means of communication and transportation, the agreement was highly flattering to the pride of Ivan the Terrible, and probably gave birth to that admiration for England and the English which later caused him to be called "the English Czar." It was not long before English traders began to arrive at Archangel, which ever since then has been the base for Anglo-Russian commerce.

The coming of the English traders began that intense rivalry for the trade of Russia between England and Germany which was destined to last for nearly four centuries, until the fateful World War. Indeed, it cannot be said to have ended as yet, but only to have entered upon a new phase, for the Treaty of Peace had not yet been signed when the reports of renewed efforts by Germany to gain control of the Russian market began to

appear. As we have seen, German traders had carried on a very considerable trade in Russia for centuries before the English arrived. They operated through the Hanseatic League, and their market was the free city of Novgorod, which was virtually an independent city-republic. Much to Ivan's delight, the new markets opened by the vigorous English greatly weakened Novgorod and lessened its economic importance. Nothing could be more welcome to the Czar, whose monarchical pride and ambition were offended by the existence of such independent city-republics outside the sovereignty of the state.

Greatly aided by the Czar, the English traders soon gained in the rivalry with the Germans, wresting away a large part of their trade. It must be admitted that this result was not altogether due to the partiality of Ivan the Terrible. The English brought a new spirit with them. Farthest removed from Russia of the principal trading nations of Europe, an island race with no need to fear attack by a great inland nation so far remote, the English naturally were free from that fear of the "Muscovite barbarians" which dominated their nearer neighbors. It was quite natural that they should be willing to assist Ivan in carrying out his plans to establish an industrial civilization, since it profited them greatly and imperiled them not at all. By the middle of the reign of Queen Elizabeth England's trade with Russia was more profitable than that with any other country.[1]

[1] G. Schultze-Gävernitz, *Studies in the National and Political Economy of Russia*

In 1566 Ivan appealed, through the English Ambassador at Moscow, to Queen Elizabeth to send him some good master-workmen, artificers, and technical advisers, as well as a skilled physician and a pharmacist. Elizabeth hastened to fulfil this request, and the following year the English workers arrived in Russia, soon to be followed by others. In 1569 we find the Czar granting a patent to English manufacturers for the establishment of metal works at Vytchegda, Vologda. English pioneers penetrated into the Ural Mountains and prospected for iron in the vicinity of Perm. In a few years there were English-owned factories in several places along the route from Archangel to Moscow. A fair beginning was thus made to realize Ivan's plans for the creation of an industrial system which would support an enduring civilization and bring Russia into the great family of European nations.

V

Ivan the Terrible did not succeed in extending his dominion to the Baltic coast. More than a century was destined to elapse before that goal could be attained. Then, by the Treaty of Nystad, in 1721, at the end of the Northern War, Peter the Great had the satisfaction of acquiring for Russia important parts of the Swedish Baltic provinces, Livonia, Esthonia, and part of Finland. Thus the end for which Ivan the Terrible had fought so bitterly and made such enormous sacrifices was attained by his greater successor.

The interval between the death of Ivan the

Terrible and the reign of Peter the Great was a period of great economic expansion. It is customary to say that the latter sovereign introduced the Russian industrial revolution. In point of fact, however, the industrial revolution began quite early in the seventeenth century, fully seventy years before Peter came to the throne. The whole of the seventeenth century, from the accession of Michael Romanov in 1613 onward, was a time of economic expansion and growth so rapid and wide-spread that it can only be described by the term "economic revolution." In that development the great trading nations of Europe nearly all bore a part. The nation was being hammered into shape, as it were; markets were established and unified; the two great trade routes from Novgorod to Moscow and from Archangel to Moscow were developed, the English building factories all along the latter route.

The English had now to face another competitor. The Dutch, coming by way of the Arctic Ocean and the White Sea, the route used by the English, and also by the Baltic route used by the Germans and the Swedes, came late in the sixteenth century, and by the beginning of the seventeenth were already surpassing the English. By 1603 the English were complaining that after seventy years of trading with Russia they were losing to the Dutch, who were finding trade with Russia extremely profitable. Other participants in the race for the profitable Russian trade were the Danes, the Swedes, the French, and, of course, the Germans. Riga and Königsberg grew in impor-

tance as centers of trade. Russia had become one of the great trading nations of the world and its contacts with western Europe steadily grew in number and importance. While most of the industries were on a small scale, there were, nevertheless, a number of quite large industrial establishments, including iron-works, glass-works, paper-mills, distilleries, and woolen mills.

On the other hand, simultaneously Russia was developing a vast trade with Asia. Her merchants bought silk and other merchandise in Persia and other Asiatic countries and sold them to the merchants of England, Holland, France, Sweden, Germany, and other countries at enormous profit. Thus there was developed in Russia a commercial capitalism of very great importance to the world. Private traders belonging to several of the European countries, and, in some instances, their governments, resented having to deal with Persia through Russian intermediaries who absorbed the greater part of the profits. They sought to obtain from Russia the right to cross her territory in order to deal directly with the Persians and other Orientals. As early as 1614 England demanded the right to use the Volga highway for that purpose. In 1629 France through her ambassador presented a similar claim, being followed in the next year by the government of the Netherlands. To all these demands the Czar made blunt refusal. From the trade with the Orient the government derived a large revenue, while the merchants of Russia waxed fat. That the Czar should be unwilling to forgo the great advantage derived from Russia's geographical

position and permit foreign traders to freely cross his territory is not a matter for surprise.

It was at this time that the Russian government began the policy of establishing commercial monopolies, using the principal merchants as its agents and middlemen. The English complained that "the Czar was the first merchant in his dominions." It monopolized the manufacture and sale of alcohol, its forests, some branches of trade with the Orient, and some native commodities. In some instances the merchant-middlemen received commissions on the exchanges made with foreign merchants; in others they purchased the state commodities and resold them at a profit. This class became immensely rich and influential. By 1680, it is worthy of note, the English traders had been left hopelessly behind and the Dutch were the supreme traders in the Russian market. Even the trade of the Archangel-to-Moscow route was practically all in the hands of Dutchmen and Germans, who maintained their representatives and offices in Moscow.

Peter the Great found a highly developed commercial capitalism. The latter half of the seventeenth century had, in the manner already described, brought about a great concentration of capital which enabled Peter to finance the great industrial undertakings which made industrial (as distinguished from commercial) capitalism a power in Russia. As Toughan-Baranovsky, the great Russian economist, has clearly shown,[1] unlike

[1] *The Russian Factory in the Past and Present*, by M. Toughan-Baranovsky, Vol. I, pp. 8-12.

the earlier commercial capitalism, which for a long time depended on foreign enterprise, the new industrialism was almost altogether Russian. It was an indigenous product. The rich Muscovite merchants became the owners of the factories, sometimes as individuals, sometimes as corporations or gilds.

When we remember that the whole period of the reign of Peter the Great was one of war and adjustment of territorial rights and boundaries, the industrial progress achieved during that time seems all the more astonishing. Some of that industrial achievement was, of course, due to the exigencies of war and to the determination of the Czar to create a great navy, following the successful attainment of a hold on the Baltic seaboard. By granting valuable privileges and monopolies to stimulate private industrial enterprise, by means of state contracts and by state monopoly, Peter the Great hastened the process of industrial evolution, and it is reasonable to believe that if his successors had manifested anything like equal wisdom and energy to his, Russia to-day would be one of the most highly developed industrial nations in the world. He brought to Russia the most able technical advisers, directors, and organizers of industry, taking great care that Russia should profit by the experience of countries like England and Germany, and have the full advantage of every improvement in technic.

By these means Peter the Great sought to "Europeanize" Russian economic life. In the externals of civilization, too, he ardently sought to

mold Russia to a likeness to western European nations. It is greatly to his credit as a statesman that he should have seen so clearly that the future of Russia lay in a community with western Europe rather than with the Far East. On the other hand, his statesmanship shows little trace of the liberal idealism that even then was stirring the western nations. Nor does it show anything of that sturdy individualism which characterized the life of those nations. Alarmed by their Czar's introduction of so many new ways and customs, the conservatives of the time begged him to "stop all the chinks" through which the methods and spirit of the West could enter, even to suppress all postal communication.[1] Peter was wise enough not to heed these narrow reactionaries, but he did stop all or nearly all the chinks against the introduction of those spiritual and intellectual ideals which were shaping the life of western Europe.

It may be said in his defense that incessant warfare, the necessity of welding a heterogeneous assortment of races together, and of establishing order in vast newly acquired territories, made the introduction of anything like liberal ideals impossible. Be that how it may, it is a remarkable fact that Peter the Great took from western Europe only its material advantages. The institution of serfdom was utterly unsuited to factory production. The factory system requires large numbers of workers, skilled and unskilled. By far the greater part of the labor of Russia was bound to the soil in serfage. But the nobles who owned

[1] Alexinsky, *op. cit.*, p. 35

the serfs were not the owners of the factories; these belonged to merchants, native and foreign, who could not command the labor of serfs. How to get workers for their factories immediately became a matter of urgent and vital concern. The Czar granted the factory-owners the right to employ either Russian or foreign workmen for wages, but as far as the former class was concerned—and of necessity it was the main source of supply—there were only the "free" workers, consisting principally of ex-serfs who had run away from their masters, to be drawn upon. The owners of these serfs naturally demanded that they should be returned to their villages and their serfdom. Peter the Great could not well deny the validity of this claim, but, on the other hand, he could not afford to comply with the demand and destroy the new industries on which so much depended.

It was quite evident that the new industrial system, in Russia as elsewhere, could not flourish within the confines of serfdom and feudalism. Peter was confronted by an emergency which, had he possessed any liberal ideals at all, any spiritual sympathy with or insight into the Europeanization whose material advantages he saw so clearly, must have led him to declare that serfdom could no longer be maintained. On the contrary, while he forbade the return of the serfs who had already become factory-workers to their lawful owners, in another ukase he authorized the owners of industries to buy peasants to work in them, stipulating that the peasants must be bought, not as individuals, but by the whole village, and that every such village

must be attached to the industrial undertaking itself and not to the person of the owner.

The despotic spirit displayed in this order is Oriental rather than European. It takes no account of the individual at all. By it Peter the Great gave to serfdom a new lease of life as well as a harsher character than it had ever before possessed. Instead of industrialism putting an end to serfdom and to the superstructure of feudalism which rested upon it, as it had done in the western nations, Russian industrialism adopted serfdom and both brutalized it and prolonged its existence. Not only so, but in doing this it placed a heavy burden upon the new industrial system, almost sufficient to crush it. No greater blow could have been directed against the growing industrial system than that which made it dependent upon serf labor. In the most critical period of his great work of uniting Russia to western Europe Peter forged a chain binding it to Asia.

VI

Peter the Great died in 1725. From that time to the accession of Catherine II in 1762 the influence of Germany over the political and economic life of Russia grew with astonishing rapidity. The male line of the Romanov dynasty having become extinct, the succession passed to various members of the female line connected with Germany by marriage ties. In this manner the influence of Germany in Russian court circles increased in the most amazing degree. Thus Anne of Courland,

assisted by her lover and Minister, Bühren, and a host of German officials, imposed upon Russia a typical German régime. While Elizabeth, who followed her, hated the Germans and greatly lessened the influence they had acquired under Anne, she found herself compelled to name as heir apparent Charles Peter Ulrich, a German of the Germans, who worshiped Frederick the Great of Prussia as intensely as Elizabeth had hated him. Curiously enough, it was left to his consort, who succeeded him, herself a petty German princess, to bring back the Russian spirit to the Russian court.

Catherine II aimed to continue the great work of Peter the Great, and her success in prosecuting that aim was remarkable. Like Peter the Great, she desired to unite Russia, economically, at any rate, to western Europe. In the second year of her reign she published a ukase inviting foreigners to enter Russia upon terms remarkable for their liberality. She promised them full religious liberty with subventions by the state toward the cost of establishing places of worship, perpetual exemption from compulsory military duty, exemption from all forms of taxation for a long period, local autonomy, and a fairly liberal measure of self-government. By this method she attracted a large number of foreigners, including English, Germans, French, Swedes, Italians, and Bulgarians.

Many of these immigrants became factory-workers. A small percentage of each nationality consisted of capitalists who established factories of their own or acquired existing factories which their Russian owners desired to sell. These were

the very ends the astute Catherine sought. Russian industry was in a bad way and needed reinforcement by foreign capital, foreign labor, and foreign technical skill. The policy of Peter the Great in linking the new industrial system to serfdom was the primary cause of this serious condition. Secondary causes were the incompetence, corruption, and indifference of Peter's immediate successors, and the opposition of the old nobility to the manufacturers and their interests.

So long as serfdom remained as the basis of the labor-supply industrial production was bound to be costly. Every factory was burdened with inefficients and wastrels, simply because there was no selective process. The manufacturers had to buy whole village populations, and every serf so bought was bound for life to the particular industrial establishment for which he had been purchased. However low the price paid for such forced mass-labor might be, it was bound to prove terribly expensive, as all human experience shows. The labor cost of the commodities produced was therefore very high. In the second place, the transference of whole masses of peasants to factory production, village by village, seriously affected agriculture. So much for the primary factor in the industrial decline.

When we come to the secondary factors we are brought face to face with the manner in which the German parasites battened in luxury upon the spoils of the nation's economic life. The enormous wealth heaped upon the infamous Bühren by his royal mistress Anne is an illustration of how indus-

try was robbed to sustain these parasites. A host of adventurers flocked around the weak and silly woman who reigned over the great empire, like greedy vultures, receiving vast sums of money, lands, and whole villages of serfs. After the death of Peter the Great the nobles set themselves in bitter opposition to the manufacturers, especially to their right to own serfs. By the time Catherine II came to the throne the power of the nobility had become so great that even that great monarch could not resist it. In the very first year of her reign a law was passed forbidding the purchase of serfs and their employment in factories by persons not belonging to the nobility. This law, the last of a series of measures aimed to destroy the merchant-manufacturing class, practically gave the nobles a monopoly of industry. Thus the organization of industry to a very large extent became the function of a class wholly unfitted to perform that function. They lacked almost every necessary qualification for the direction of industry. At the bottom of the industrial system was a mass of inefficient forced labor; at the top equally inefficient directors.

Like Peter the Great, Catherine II—equally great as a sovereign—lacked the vision and the courage to decree the abolition of serfdom and thus free the pathway of industrial development. Like her great predecessor, again, while she desired to appropriate the material advantages of the western nations, she shrank from and feared their political and spiritual ideals and turned instinctively to Germany for political support and co-

operation. She was a Prussian at heart, possessing all the vices and weaknesses of the Prussian autocracy. She was vain, arrogant, coarse, aggressive, unscrupulous, greedy, and brutal. Yet withal she possessed a certain genius for statecraft and empire-building. When the ferment of the French Revolution began to manifest itself as a serious and vital challenge to the existing order she threw off every pretense of sympathy with it, as one discards an old garment, and set about exterminating every heterodox opinion and belief. She wanted Frederick William II of Germany to lead a crusade to suppress the French Revolution. Early in her reign she had introduced a scheme to establish a sort of consultative parliament, a fairly democratic elective body, together with other liberal legislative reforms. Finding that these logically led to the emancipation of the serfs, she abandoned them and adopted a policy that was utterly reactionary.

Like Peter the Great, Catherine II made the mistake of supposing that the material advantages of western European nations and their cultural refinements could be transplanted in Russia without changing the political and social structure. Both monarchs believed that the immigration of a few thousand people from the western nations would result in spreading western efficiency and prosperity throughout the nation. They were, of course, blind to the plainest of all the lessons of history. As a result of her ukase of 1763 there was a great influx of German agriculturists, who established agricultural villages along the Volga.

Ten years later there was a similar influx of German-Dutch Protestants. It soon appeared that these colonists were more prosperous than the Russian peasants around them, a fact partly due to their superiority and partly also to the special privileges they enjoyed as a reward for settling in Russia. There was not—and there has never since been—any evidence that the immigration had raised the general level of prosperity or efficiency.

Similarly, in the industrial sphere immigration failed to give life to Russian industry. The foreign settlers might succeed as manufacturers, but they did not impart the capacity to succeed to the natives. When Peter the Great died practically all the existing industries were owned and controlled by Russians. Only an insignificant number were owned by foreigners. At the time of the death of Catherine II, seventy years later, a very large percentage of the existing industries were owned by foreigners—Germans, English, French, Swedes, Italians, and Bulgarians. In St. Petersburg 22 per cent. of the factories belonged to foreigners, and in Moscow conditions were similar.

In considering the nature and extent of western influence upon Russia in the eighteenth century it is important to observe two consequences of the policy initiated by Peter the Great and continued by Catherine II which have exerted a profound influence upon Russia right down to our own day. In the first place, the preservation of serfdom for more than a century set a gulf between the workers of Russia and those of western Europe. In the

second place, the artificial bolstering up of the nobility and the restrictions placed upon the merchant-manufacturing class, at the time when the great middle class, the bourgeoisie, was gaining ascendancy in the western nations, was directly responsible for the fact that there was not enough power in the Russian bourgeoisie to force the adoption of constitutional government in the nineteenth century, or to carry on the government when the rotten fabric of czarism fell in the twentieth.

VII

It was during the reign of Alexander I that the idealism of western Europe reached Russia through what may be termed the channels of natural intercourse in volume sufficient to produce a lasting influence. Prior to that time various sovereigns had tried to impose some of the refinements of western civilization upon Russia, as well as some of its material advantages. To this end they had encouraged immigration and colonization, with what result we have already noted. As far as possible, they had strenuously tried to "stop all the chinks" through which liberal political ideas might enter Russia, and when the French Revolution generated a pulsing current which swept from Paris to Moscow Catherine II used every possible means to prevent Russia's contamination.

Alexander I began his reign as a liberal democrat, instituting many reforms. Before long, however, it became evident that he was essentially a tyrant at heart, despite his acceptance of certain liberal

ideas and ideals. "If civilization were more advanced, I would abolish this slavery if it cost me my head," he said, but his whole course of action proved that this intellectual liberalism did not penetrate his soul. Clearly perceiving the evils of serfdom, this royal disciple of Rousseau and his gospel of humanity suffered the ancient evil to continue. When he conceived reforms it was only as an autocrat. It was said of him that "he would gladly agree that every one should be free, if every one would do exactly as he desired." He thought of himself as the chosen instrument of divine Providence, set apart to confer happiness and order upon the world. This he was ready to do with the most ruthless brutality. It was in this spirit that he planned with Napoleon the division of the world at the memorable meeting at Tilsit, following the Russian-French war of 1807.

The final downfall of Napoleon at Waterloo left Alexander the most powerful sovereign in Europe, not merely because of the size and might of his empire, but also because of his own leadership. It was then that he launched the Holy Alliance, a product of extreme pietism, for which the teachings of Rousseau had prepared the way. It was quite characteristic of Alexander at this period to press his liberal ideas into the mold of evangelical religion. The genesis of the Holy Alliance takes us back far beyond the days when he fell under the influence of the religious mystics and the leaders of the great evangelical revival. It dates from the proposal for a European Confederation submitted to Pitt in 1804. In that document

Alexander argued that the outcome of the war must be the universal triumph of "the sacred rights of humanity." He wanted a Confederation of European Powers, and asked, "Why could not one submit to it the positive rights of nations, assure the privilege of neutrality, insert the obligation of never beginning war until all the resources which the mediation of a third party could offer have been exhausted?" He argued that this would mean "a league whose stipulations would form, so to speak, a new code of the law of nations . . . while those who infringe it would risk bringing upon themselves the forces of the new union." Clearly this is derived from Rousseau and forms a very significant anticipation of the League of Nations.

It was quite in keeping with the character of Alexander that he should have joined hands with the arch-reactionary, Metternich, in attempting to suppress by force the revolutionary movements in Germany, Italy, and Spain. It was equally characteristic of him to adopt a brutally reactionary policy at home. While he continued to indulge in liberal phrases he ruled as a tyrant. He saw his people impoverished, but did nothing except impose new burdens upon them. Acknowledging serfdom to be a monstrous evil, he permitted it to continue. Such was the character and the record of the great "Liberal Czar," the Muscovite who preached liberal ideals to western Europe and practised tyranny at home.

It was not through the Czar that Russia was influenced by the social idealism which stirred France and England in the early part of the nine-

teenth century. The war of 1812 has been called "the first war of the Russian people." It was not the Czar and his nobles who won the war, but the masses of the people. They were the conquerors of Napoleon. During the Napoleonic invasion there was born in the hearts of the Russian people a genuine and strong patriotism, coupled with a profound contempt for the Czar and the nobility. After the Grand Army of Napoleon had been driven from Russian soil, Alexander joined with the Emperors of Prussia and Austria in pursuing it across Europe.

In this manner many of the young Russian officers were brought into close personal contact with European civilization. They found in Germany and in France a degree of prosperity which contrasted strangely with the terrible poverty of the masses in Russia. They found, too, in both countries a degree of freedom, a regard for the individual life, which they could not at first comprehend. They became acquainted with the numerous societies which were promulgating radical political and social theories. During their stay in France these Russian officers were drawn into close relations with various revolutionary groups, secret, conspiratory societies for the most part, whose teachings possessed for them all the fascination of novelty. When they returned to Russia, at the end of 1815, they returned as revolutionary idealists and saw their country and its problems in a new light. Moreover, they had established personal relations with the leading spirits of the revolutionary movements of Europe.

These youthful and ardent idealists had very little idea of the strength of the autocracy. They did not understand the terror with which their generous visions would inspire the Czar and the nobility. They were thwarted at every turn, and after ten years of baffled effort they resorted to armed revolt, in December, 1825, only to be crushed by the government. The Decembrists, as they came to be known, were defeated, but they did not fail. Martyrdom for a great cause never fails. Their success was greater than they realized: they had planted in fertile soil the seed of Europe's vision of a free life for mankind and linked Russia and western Europe together in a spiritual union.

Five of the Decembrists—among them the brilliant poet Ryléef—were hanged and about a hundred more—"young men who represented the flower of Russian intelligence" [1]—were sent to Siberia. How deeply and profoundly they impressed the intellectual life of their time is reflected in its literature. Ryléef, Púshkin, Lérmontoff, Gogol, and Turgeniev all reflect that influence. Their writings are all tinged with the passion for social regeneration, which was the gift of western civilization to the great Slav nation's culture.

The reign of Nicholas I, who succeeded his brother, Alexander I, in 1825, was a period of dark reaction. The crushing of the Decembrist agitation and uprising was the prelude to a reign of tyranny and resistance to progress. In 1831 the Polish insurrection was suppressed with brutal

[1] Kropotkin, *Ideals and Realities in Russian Literature*, p. 35.

severity, and after that had been accomplished the administration which was established by Nicholas I was extremely harsh and cruel. The aim was to destroy every vestige of Polish nationalism, and even the Polish language. To keep out foreign revolutionary ideas he established a rigid and severe censorship, and practically made it impossible for Russians to visit foreign countries. His policies, domestic and foreign, were all governed by his fear of revolution and his determination to maintain the principle of absolute autocracy. He died before the end of the disastrous Crimean War, and was succeeded by his son, Alexander II.

On the 3d of March, 1861, Alexander II signed the Act of Liberation by which serfdom was abolished. He believed that by this radical step the revolutionary agitation and unrest would be brought to an end, and that a new era of prosperity would be inaugurated. This was the belief likewise of many of the revolutionists themselves. Thus Alexander Herzen in his brilliant agitation for the abolition of serfdom through his *Kolokol* had contended, as did Tchernyshevsky, who was in large measure responsible for inducing the Czar to sign the Act of Liberation. Alexander might well be pardoned for his roseate confidence in view of the optimism of those two great founders of the modern Socialist movement.

Herzen exercised a profound and far-reaching influence upon his native land, despite the fact that he never saw it after 1847. All the rest of his life, until his death in 1870, was spent in exile in France, England, Italy, and Switzerland. When

he was twenty-two years of age he was sent into exile for singing students' songs in praise of the Decembrist martyrs, and spent six years in the Urals. Returning to Moscow, his native town, in 1840 he joined Bakunin and other friends in revolutionary propaganda for which he was again sent into exile in 1842. He remained in exile until 1847, when he received permission to leave Russia. Notwithstanding the brief period of his active participation in the Russian revolutionary movement in Russia itself, the influence he exercised upon the movement from abroad through his writings, which were clandestinely circulated, was enormous.

The first years of the reign of Alexander II were characterized by a degree of liberalism in marked contrast to the policy of repression and suppression pursued by Nicholas I and by Alexander II himself later on. The liberalism of the early period made possible Tchernyshevsky's *Contemporary Review*, the great literary forum of the period. It was Tchernyshevsky who popularized the theories of Saint-Simon, Fourier, and Proudhon, the French Utopians, and of Robert Owen, the English Utopian. Of these social thinkers, Fourier and Owen probably made the deepest and most lasting impression upon the revolutionary Socialist movement of Russia, though Saint-Simon roused the greatest amount of purely intellectual interest. Tchernyshevsky himself was perhaps equally influenced by Owen and by Fourier. Owen's practical experiments, his sense of the value of concrete example, appealed to the great Russian. At the same time

he was convinced that Fourier was right in looking to a highly developed industrial technic and large-scale production as prerequisite to a Socialist society.[1]

It is not difficult to understand why the emancipation of the serfs failed to produce the results which these men had foretold and the Czar had believed to be certain. In the first place, not enough land was allotted to satisfy the needs of the people, whose agricultural methods were exceedingly primitive. The average allotment per household was something less than six and a quarter acres, and, in most cases, a proportion of this land was of a very poor quality. Moreover, the change did not bring individual land ownership, but simply extended the *mir*. The individual peasant was simply a partner in the ownership of an area of communal land owned jointly by all the householders of his village. It was the custom of the *mir* to divide this communal land into patches of equal area, each household receiving its share of the land graded according to its quality. Thus the holding of one household would consist of a strip of good land in one place, a strip of poorer land in another, and a strip of still poorer land elsewhere. Sometimes these strips would be no more than four feet wide. In many cases some of the strips allotted to a household would be situated ten or twelve miles away from the cottage. Bearing in mind the fact that most of the peasants lacked capital and that their methods were unscientific and primitive, it is not difficult to see why the

[1] G. Plechanov, *N. Tchernyshevsky*, pp. 75, 301–302.

land problem became the dominant economic and political concern of 80 per cent. of the Russian people.

Furthermore, the land was not given to the peasants. It had to be "redeemed"—that is to say, paid for—and the price fixed was so high that the "redemption tax" of necessity added greatly to the impoverishment of the people. Among the peasants the idea spread that the Czar had really given them the land and that it was only the greed of the nobles and officials which imposed upon them the necessity of paying for it. From immemorial times the land had, they believed, belonged to them and not to the nobles. There was a folk-saying which summed up their belief, "The nobles own us, but the land is ours."

In the discontent which resulted from this method of dealing with the land problem—the "land hunger" of the peasants, their poverty, their sense of being cheated, the crushing burden of taxation—the peculiar agrarian Socialism of Russia arose and flourished. The emancipation did, indeed, bring one form of relief. It abolished the *adscriptio glebæ* by which the peasants were bound to a particular piece of land and to its owner, and set them free to go wherever they would as "free" laborers. This made it possible for many to become wage-laborers on the large estates, and for others to work in the factories of the industrial centers for a portion of each year, the season when work on their land was not possible. But while this mitigated their suffering considerably, gave them a feeling of personal independence, and made it possible for them to earn the money with

which to pay their taxes, it did not materially lessen their discontent. On the contrary, by bringing masses of peasant workers into the towns in pursuit of this seasonal employment it provided facilities for agitation which had not existed before. Thus the agrarian Socialism of the peasants and the Nihilism of the Intellectuals—a doctrine of negation which, stimulated by Darwinism, paved the way for Bolshevism—made considerable headway.

VIII

In this period of Nihilism there is disclosed a remarkable development of the attitude of Russia to western civilization. Instead of the old attitude of unrestrained admiration and idealization which characterized the Intellectuals, there is a tendency to regard western Europe generally, and France particularly, much more critically and to idealize Russia. The conservatives for the most part continued to deplore all European influences and to struggle against them.

In part the change in the attitude of the Russian liberals was a natural reaction. At first they had idealized France and the western nations in general in the most extravagant fashion, surrounding them with a glamour which seems almost childish in its romanticism. The case of Herzen illustrates in an admirable way the reaction which took place in many minds. He had gone to France and England a reverent worshiper. In bitter revolt against Russian government and Russian social conditions, he saw little or nothing admirable in his native

land. In the western nations he had great faith and looked forward to visiting them with something of the reverence with which a religious devotee approaches a sacred shrine. Herzen himself wrote long afterward that at this period of his life he "illumined Europe with magical colors," that he "believed in Europe, and above all in France." He lived in Paris through the Revolution of 1848 and was astounded by the manner in which force was used against the revolutionists. He saw the great and growing power of the bourgeoisie as though his disappointment were a great magnifying-glass. This *embourgeoisement* sickened and terrified him. All was so different from his preconceived fancy. With much bitter humility, he renounced his passion for France and turned to Russia with new admiration and hope.[1]

The changed attitude of many of the Russian liberals—using this term in a very wide sense—was due, however, less to any loss of faith in France or western democracy than to a new conception of Russia, a conception mainly derived from French Socialist thinkers. These French Socialists saw in the *mir* the basis for an equalitarian social system. Here, indeed, was communism in the fundamental economic element, the land, already existing. Proudhon rejoiced that the *mir* had not been abolished with serfdom, but remained for "free laborers" to develop. He contended that there could be nothing better than this communal land system, "which is contrary to inequality" and which provided, he said,

[1] See Herzen's account of this change in his book, *The Other Shore*.

the only foundation necessary for a Socialist system of society.[1] This view was also adopted by Herzen, Tchernyshevsky, Bakunin, and many other Russian Socialists, with the result that they saw Russia in a new light, as a nation destined to fill a great rôle, as perhaps the first nation in the world to realize Socialism after all.

This was entirely contrary to the Marxian theory of social progress, first outlined in the *Communist Manifesto* in 1847. Herzen and Marx had met in Germany and in France in 1848 and 1849. They were not over-friendly, even at that time, mainly on account of Marx's bitter attack upon Herzen's bosom friend, Bakunin. Marx had accused Bakunin of being a paid spy in the service of the Russian Ambassador, alleging that the information came from "George Sand," who held documentary proof of the fact. The great French novelist indignantly denied the statement in so far as it concerned her. "I never had any reason, or authority, to express any doubts as to the loyalty of his character and the sincerity of his views," she wrote. Although many years afterward Marx revived the ugly charge, he withdrew it at the time and published Madame Sand's letter. There was a formal reconciliation of the two men, effected through a mutual friend, but the wound rankled in Bakunin's breast. Herzen took the side of Bakunin and cordially hated Marx. Later on, in 1852, an article, believed to have been written by Marx, accusing Herzen of being a paid spy of the Russian government, appeared in a German news-

[1] P. J. Proudhon, *Œuvres Posthumes*, Paris, 1866, Vol. I, p. 89.

paper. The charge was as baseless as the similar charge against Bakunin.

The opposition of Bakunin and Herzen to Marx did not depend upon these personal incidents, however. Its roots lay far deeper than that. In the great controversy which so profoundly affected the development of Russian Socialism there were fundamental philosophical issues at stake. In 1849 Bakunin published his pamphlet, *An Appeal to the Slavs*, in which he set forth his doctrine of "Panslavisme." He urged the union, cultural and political, of all the Slavs for the purpose of destroying the Russian, Austrian, and Prussian empires. He believed that a great Federation of Slavs could be formed upon a communistic basis, urging that the Slavs were communists by instinct. Against this theory, which was so violently opposed to his own, Marx contended with great spirit, contending that the Slav nations and provinces must, like the western nations, pass through a process of industrial development, and that only a fully developed capitalism could give birth to the new social order. In a scathing criticism of Bakunin which infuriated Herzen, Marx wrote in a contemptuous spirit concerning the Slavs, a spirit quite commonly encountered in German Socialist writings down to the present time. He denounced Panslavisme as "a movement which strives only to subject the civilized West to the barbarian East; the city to the village; commerce, industry, science, and progress to the primitive culture of the Slavish serfs."[1]

[1] *Neue Rhenische Zeitung*, February 14, 1849.

The controversy thus begun extended over many years and engaged the attention of practically all the Socialist Intellectuals of Russia. Herzen not only gladly accepted the view that the communism which western Europe was struggling toward as an ideal to be attained was in Russia a reality, but he accepted the view of Bakunin, Proudhon, and others that the laboring masses of Russia, the peasantry, could avoid the long struggle of parliamentary politics. His argument was to this effect: the communism instinctive in the Russian mind had withstood every political change; it was not necessary for Russia to pass through a period of *embourgeoisement*, for whenever the Russian people should revolt it would not be to replace the tyranny of a Czar by that of a bourgeois parliament, nor even a republic with a President, but to attain "a veritable and complete liberty."[1] We have here another of the numerous anticipations of Leninism to be found in the writings of Herzen. He saw in the Russian muzhik not only the equal of the "class-conscious" French artisan, but even his superior, destined to succeed sooner in creating a Socialist state of society because of his communistic mentality. Very similar views were put forward by Bakunin, Tchernyshevsky, and other writers of the period, as well as by their successors in the eighteen-seventies and eighteen-eighties.

It is practically impossible for the Western World to understand the intensity of the struggle which ensued from this philosophical difference.

[1] *Vide* Herzen's *Open Letter* to Linton, the English Chartist.

The Marxian view had its champions, and it is a curious fact that, as Marx himself wrote to his friend Kugelmann, it had many among the "Russian autocrats." On receiving from Russia, in October, 1868, news of the publication of his *Capital* in Russian, Marx wrote: "It is strange that the Russians should always have been my well-wishers, for I have fought against them for twenty-five years. In 1843–44 the Russian autocrats thought a lot about me in Paris, and my books against Proudhon in 1847 and against Duncker in 1848 were received with great favor in Russia. Of course, the Russian aristocracy have been influenced by French and German culture."

In 1879 arose that peculiarly Russian movement, the *Narodnya Volya*, the terroristic People's Will party. This movement was based upon the teachings of Herzen, Bakunin, Tchernyshevsky, and Lopatin as against those of the Marx-Engels school. There were, however, some supporters of the latter in Russia, and the relation of the Marxian theory of historical development to Russia became the subject of much discussion. Would the *mir* and the communist mentality of the Russian masses prove obstacles to the development of capitalism in Russia? Would these be destroyed by capitalism, or would they survive and become the basis of a truly Russian form of Socialist society? These questions were submitted to Marx, and his reply to them was published in the leading radical magazine of the period, *Fatherland's Records*. Most of the copies of the issue seem to have been confiscated by the police, causing Lavroff to re-

publish Marx's article, in 1886, in his *Messenger of the People's Will*, edited from Paris.

In this article, which holds an important place in the literature of Russian Socialism, Marx took up the theory of Tchernyshevsky and his friends that, instead of going through a long process of capitalist development, Russia might "adopt all the fruits of this system without going through the tortures connected with it, and develop in accordance with its peculiar historical environment." Marx did not consider this altogether impossible. In one pregnant sentence he lays significant stress upon the element of national choice as a factor in social evolution, showing that to Marx the economic motivation of history was not the rigid and absolute process which the Marxists who were "more Marxist than Marx" believed it to be. "If Russia will follow the way chosen by it after 1861, it will lose one of the most convenient opportunities which history ever offered to a people—*to evade all the features of the capitalist system*." This reads more like a passage from the writings of Proudhon or Bakunin than a passage from Marx! After a discussion of the extent and manner of the application of his theory of capitalist accumulation to Russia, he summed up in these words: "If Russia endeavors to become a capitalistic land like western Europe (and during late years it has labored sufficiently in that respect) it will not reach it without first transforming a good portion of its peasants into proletarians. But after this, first having fallen under the yoke of a capitalistic régime, it will be compelled to submit to the cruel

laws of capitalism on a par with other unsuspecting nations."

Events in Russia since the overthrow of czarism lend some interest and importance to the discussion of this same great question by Marx and Engels in their joint preface to Plechanov's translation of the *Communist Manifesto*, published twenty-eight years ago, "*If the Russian revolution is the signal for the labor revolution in the West, so that both complete each other, the modern Russian communal land ownership might become the basis for a communistic development.*" It is not difficult to discern in this passage the intellectual parentage of Lenin's policy of desperately striving to spread Bolshevism in the western nations. On more than one occasion Lenin has openly declared that the sole chance for the permanent success of his policy depended upon Bolshevist revolutions in the western nations.

Besides the conflict between the two rival philosophies we have thus far discussed there was a third element in the development of the Russian revolutionary movement, namely, the tactics inspired by the great French revolutionist, Auguste Blanqui. Just as Russian Marxists were often "more Marxist than Marx," so the Russian Blanquists were "more Blanquist than Blanqui." The school of Herzen, Bakunin, and Tchernyshevsky idealized both the *mir* and the muzhik. They held that the muzhiks were communists by nature; that the difficulties which seemed so great to the Intellectuals, who had lost contact with reality, did not exist for the peasants with their peculiar

genius. All that was needed was for the Intellectuals, with their intellectual consciousness of the communist ideal of society, to go down "among the people" who were innately communists, but not conscious of the fact or its significance. A touch of intellect would, they believed, liberate a great mass spiritual movement. How miserably they failed is well known. Only here and there did a few peasants respond to their appeal. Generally the peasants fell upon the propagandists, beat them mercilessly, and, in many cases, bound them and turned them over to the police or to the landowners.

It soon became obvious that a long, long time must elapse before anything like an overwhelming majority of the peasants could be induced to join in a revolution. The central idea of the "Bakuninists" was thus discredited. On the other hand, there was no ground for hoping that the proletarian revolution, which was the central idea of Marxism, could take place within any reasonably near time. The industrial proletariat was an almost infinitesimal part of the population. For many Russian Intellectuals it was at once impossible to accept the Bakunist idea of abolishing the state and the Marxist idea of bringing it under the rule of the proletariat. There could be no thoroughgoing change, they said, without capturing and using the governmental power. But for this the majority of the people could not be prepared. Must the struggle be abandoned, then? No. It was possible to capture the state, as Blanqui had shown. All that was necessary was for a deter-

mined, revolutionary minority to seize the state by force and liberate the people.

Trust in the Russian people themselves was wholly lacking in this policy. "Never, neither to-day nor in the future, would the people, left to itself, be capable of achieving a social revolution. We alone, the revolutionary minority, might achieve it, and we must do so as soon as possible."[1] These Blanquist apostles of conspiratory action looking to *coups d'état* by revolutionary minorities, who despised the reliance of such leaders as Lavroff on the education of the masses, were the real progenitors of Bolshevism. On its practical side Bolshevism is mainly a revival of Blanquism. There are, indeed, elements of Marxism in its theoretical propaganda, and its vocabulary is notably that of Marx. Its practical methods, however, are chiefly those of Blanquism, from which it derives its anti-democratic, despotic character.

IX

In the dark period which followed the Act of Liberation, the famous Circle of Tchaykovsky and the Land and Freedom Society made a brave struggle against the ever-increasing despotism of the government, on the one hand, and the ignorance of the peasants, on the other. Their failure led to the adoption of terrorism by a majority of the Land and Freedom Society, which split in 1879. Two years later, March 1, 1881, Sophia Perovskaya

[1] Quoted from P. Lavroff's *The Propagandist Narodniki of the Years 1873–78* by Alexinsky, *op. cit.*, p. 342

and her associates assassinated Alexander II, a few days before the date he had privately set for the introduction of extensive reforms. The assassination did not temper the despotism of the régime, which, instead of becoming better, became very much worse. It was feared by the peasants that serfdom was to be restored. Poles and Jews were mercilessly persecuted and all "foreign" influences repressed with great brutality.

It was in this period that the Marxian Socialist movement began to make headway under the leadership of Plechanov, Deutsch, Vera Zasulich, and others. The revolutionary thought of Russia was turned into the channel through which it was destined to flow for the next twenty years. Then terrorism was revived with most disastrous results. Then followed the great revolutionary movement of 1905, which the bureaucracy drowned in blood.

Throughout the whole period of the modern revolutionary movement—that is to say, since the Decembrist uprising in 1825—the minds of progressive Russians have been most profoundly influenced by the democratic thought of western Europe and, in recent years, the United States of America. On the other hand, the reactionaries have cultivated German friendship and sought to lessen the influence of the western nations on Russian life, economically, politically, and culturally. One very considerable section of the reactionary elements frankly stood for a close economic union with Germany, for the control of the Balkans by Austro-German imperialism, and for Russia to leave European affairs severely alone in order to

become "the great Asiatic power." The logical result of that policy would be a *bloc* composed of Russia, China, and Japan. That in the event of such a union being effected Japan, and not Russia, would be the leader is almost self-evident.

III

RUSSIA'S SUBJECTION TO GERMANY

I

RUSSIA'S economic policy in the quarter of a century following the conclusion of the Russo-Turkish War and the Treaty of San Stefano was dominated by political and military considerations, by the interests of the bureaucratic oligarchy into which czarism had developed during the reign of Alexander III. This is not less true of the policy prevailing during the régime of Witte, the arch-foe of the bureaucracy, than of that which prevailed under his immediate predecessors, Vishnegradski and Bunge, who were with and of the bureaucracy. "We sell our military prestige for the economic prestige we lack," said Vishnegradski on one occasion.

Throughout his official career Witte was in a most anomalous position. He was essentially a capitalist statesman, trying to carry out a vast policy of capitalist development in a nation governed by motives and methods incompatible with capitalism. If ever a statesman found himself out of his proper time and place, Serge Julievich Witte did. He was a keen if not a profound student of history. At the same time he was a shrewd capitalist with a remarkable genius for

organization and a not less remarkable creative imagination. In many respects his mentality greatly resembled that of the great American capitalists, James J. Hill, Edward H. Harriman, and others. At the very time when the bureaucracy was bent upon intensifying the Orientalism of Russia he saw the need of modernizing and Europeanizing it. He wanted to make Russia a great modern state, its vital forces dependent upon and springing from industrial and commercial capitalism. He wanted the policies of the state to be controlled by the interests of capitalist development, instead of the development of capitalism being controlled and conditioned by the policies of the state. The very nature of a bureaucratic oligarchy was incompatible with this theory and purpose.

As head of the Railroad Department under Minister of Finance Vishnegradski, Witte undoubtedly saved the railway system of Russia from ruin, and greatly extended it. He made the Trans-Siberian Railroad possible. As Minister of Finance following Vishnegradski, he was compelled by the very nature of the bureaucracy to devise and impose upon the country a fiscal policy which was artificial, oppressive, and fundamentally unsound, a policy which was, moreover, essentially antagonistic to his hopes and his aims, as he could not fail to recognize. Coming into office at a time of the most appalling poverty, before the country had recovered from the terrible famines of 1891–92, he found himself compelled to resort to the most extraordinary financial juggling, the net results of

which were increased taxation and inflated prices, the imposition of new economic burdens upon a people already crushed. Witte was too brutal and callous to pay much heed to this fact were it not that it was in the interest of a system fundamentally antagonistic to his own ideas and plans.

Witte was far from opposing the desire of the bureaucracy to extend Russia's Asiatic dominions. He favored the extension of Russian influence in northern China and Persia, especially the domination of Manchuria by so-called "spontaneous infiltration" and other methods. His motives, however, were quite different from those of the bureaucrats. He saw in this Asiatic expansion great economic resources to be exploited by western methods. A cardinal feature of his policy was the development of industry, to which end he both fostered protection and encouraged the introduction of foreign capital for industrial purposes. By increasing indirect taxation, by enormous profits derived from the state monopolies through excessively high charges—a disguised form of taxation—and foreign loans, Witte built up that great fiscal system which year by year added to the impoverishment of the people and, by limiting their purchasing power, restricted the volume of effective demand for commodities upon which the "infant industries" depended. The whole policy resulted in enriching the bureaucracy's treasury far more than it helped Russian industry. The average gross income per head at the end of the nineteenth century was five times higher in Germany than in Russia, yet prices in Russia were

so much higher that the advantage of the German consumer over the Russian consumer was even greater than indicated by the difference in income.

It is to the credit of Witte that he very clearly saw that Russia was greatly menaced by the aggressive economic policy of Germany, that she was in fact in danger of being reduced to a condition of economic dependence upon Germany amounting to vassalage. He was among the first Russian economists to recognize the "German colony" peril, as it came to be known. His stout resistance to Germany's aggressiveness was in large part responsible for the opposition of a powerful section of the bureaucracy, which was strongly attached to Germany by many ties. German intrigue and the Germanophile bureaucracy's hatred were directed against him. For years Witte was the foreign statesman most feared and most cordially hated in the Wilhelmstrasse, Berlin.

Had the relations between Russia and England been more friendly Witte would undoubtedly have turned to English capitalists for a very large part of the capital needed to develop Russian industry. As it was, England was suspicious of Russia and in no mood to assist in building up her railways and her industries, thus making her a more formidable potential foe, capable of leveling a dangerous attack against India. Thus it was that Witte had to rely mainly upon French, Belgian, and German capital. The protective policy of Witte was far from being a success. Despite the high tariffs imposed, imports steadily increased. Home manufactures grew, it is true, but not so

rapidly.[1] Germany, thanks to her system of "export bounties" and other devices, acquired an ever-increasing share of this import trade and steadily enlarged her control over the economic life of the Czar's empire.

Witte was thus checkmated on all sides. He had believed that the desire of the oligarchy for military and political expansion in Asia could be made to serve his ambitious program of economic expansion. He imagined Russia Europeanized by a rapid process of industrial evolution, transformed in a few years into a great manufacturing country. As such, he believed, Russia would profit by her Asiatic colonization, finding both a market for her goods and an almost inexhaustible source of supply. Asiatic expansion meant, therefore, one thing to the oligarchy and quite another thing to Witte. The former wanted a great Oriental empire, while Witte wanted Russia to step from Orientalism to Occidentalism, from Oriental feudalism to modern industrialism. It must be remembered that Japan had not yet become a great nation, either politically or industrially. So Witte saw in Asia only an effete civilization and was strengthened in his resolve to link Russia more closely to the Western World. He was almost equally unfortunate in his domestic policy. In the first place, the measures devised to foster Russia's native industrial development and emancipate her from Germany's economic domination had the contrary effect of impeding rather than accelerating the former and of increasing the latter.

[1] A. Ular, *Russia from Within* (1905), p. 152.

Industry increased, it is true, but neither so fast as Germany's trade nor as the impoverishment of the masses. This impoverishment grew so serious that the most bounteous harvests mattered little or nothing: despite good harvests there was under-consumption amounting to actual famine in the land.

Neither at this period nor later did famine in Russia necessarily mean shortage of food, it must be remembered. There was generally food enough in the land. Under the old régime there was always an immense exportation of grain, even in the worst famine years. True, this so-called "surplus" was in fact not a surplus at all. "Grain was exported from some provinces when in others thousands were dying of starvation, or only keeping body and soul together with bread made from the bark of trees," says Wilcox.[1] The same well-informed writer tells us that, "In the worst of the famine years there was no very considerable fall in the amount of grain exported, and Englishmen grew fat on bread made of Russian wheat, while the entire population of Russian villages lay through the winter in a kind of hibernation, to which they had trained themselves as the only means of husbanding their physical resources and preventing themselves from dying of hunger."[2]

II

The failure of Witte was relative, not absolute. Moreover, it was due mainly to the fact that he was attempting the almost impossible task of

[1] *Russia's Ruin*, by E. H. Wilcox, p. 6. [2] *Idem*, p. 7.

accelerating industrial progress within the rigid circle of a political system essentially antagonistic to industrialism. If the gain made was far from commensurate to the size and population of Russia, her possibilities or the magnitude of the efforts made by Witte, it was great enough to demonstrate the fact that Russia possessed the potentialities of a vast industrial development. The only full census of the population of Russia was made in 1897. From it we can gather some idea of the growth of urban populations—itself an indication of industrial growth. In 1867 there were twelve cities with a population of 50,000 to 100,000; in 1897 there were thirty-seven such cities, with a total population of 2,401,000 as against 834,000 in cities of this class thirty years before. The population of St. Petersburg in 1867 was 539,471; in 1897 it was 1,267,023, a gain of over 136 per cent Moscow in the same period increased its population from 351,609 to 1,035,664—an increase of nearly 195 per cent. In Lodz, the center of the textile industry in the Polish provinces, the population was 32,437 in 1867 and 315,209 in 1897—an increase of 872 per cent. In Ivanovo-Vosnesenk, the center of the textile industry in central Russia, the population rose from 1,350 in 1867 to 53,949 in 1897—an increase of over 3,896 per cent. If we turn from textiles to iron, we find that in Ekaterinoslav, the center of the coal industry of southern Russia, the population in 1867 was 19,908 and had risen in 1897 to 121,216—an increase of 508 per cent. The population of Baku, center of the oil industry in the Caucasus, on the

Caspian Sea, increased about 702 per cent.—from 13,992 in 1867 to 112,253 in 1897. Libau, a Baltic seaport, grew from 10,227 in 1867 to 64,505 in 1897 —an increase of 540 per cent., while Tzaritzyn, a port on the Volga, grew from 8,456 in 1867 to 55,967 in 1897—an increase of 562 per cent.[1]

In the year 1887 there were employed in textile manufacture 399,178 workmen, and the value of the textile production was 463,044,000 rubles. In 1897 the number of employees in this industry had risen to 642,520 and the value of the product to 946,296,000 rubles. In 1887 the coal production amounted to 4,534,000 tons, valued at 13,839,000 rubles; in 1897 the production rose to 11,203,000 tons, valued at 38,945,000 rubles. In the same period the oil industry was marked by a similar development, the product in 1887 was 2,733,000 tons, valued at 5,006,000 rubles; in 1897 the production was 7,831,000 tons, valued at 36,558,000 rubles. Iron and steel—the barometer industry—shows very similar progress. For instance, the increase of cast-iron production amounted to 125,000 tons yearly in the same period, the figures being 594,000 tons in 1887, valued at 25,405,000 rubles, and 1,848,000 tons, valued at 77,731,000 rubles in 1897. Steel in finished products to the amount of 157,000 tons, valued at 22,094,000 rubles, was produced in 1887, and in 1897 the production was 920,000 tons, valued at 125,942,000 rubles.[2]

[1] These figures are taken from V. I. Pokrovsky's *Russia at the End of the Nineteenth Century*, published by the Russian Ministry of Finance, and quoted by M. Olgin, *The Soul of the Russian Revolution*, in an appendix which gives the entire table. See Appendix C, Table I.

[2] See Appendix C, Table II.

Naturally, this industrial progress was attended by a considerable concentration of workmen in factories—that is to say, by the growth of the industrial proletariat. According to Toughan-Baranovsky, in 1879 there were 203 cotton factories each employing more than 100 persons, the total number of employees being 153,332. In 1894 there were 224 such factories, the number of employees being 234,506. The distribution of these reveals a growth of large factories and a decrease in the number of small ones. Thus, in 1879 there were 118 factories in the class employing from 100 to 500 persons, while in 1897 there were 108. In the former year the total number of persons employed in factories of this class was 28,212, while in 1894 it had dropped to 27,050. Factories employing from 500 to 1,000 workers increased from 44 in 1879 to 48 in 1897, the total number of workers employed in factories of this class also showing a small gain, the numbers being 32,591 in 1897 and 33,462 in 1894. In 1879 there were 40 factories employing from 1,000 to 5,000 workers, the total number of employees being 83,583. In 1894 the number of such factories had risen to 60 and the total number of employees to 119,013. In 1879 there was only 1 factory employing more than 5,000 workers, the number employed being 8,946. In 1894 there were 8 such factories and the number of workers employed was 54,981.[1]

These figures relate only to cotton manufacture. If we turn to the statistics of general industrial

[1] Toughan-Baranovsky, *The Russian Factory in the Past and Present.* See also Appendix A, Table II.

production we find the same tendency even more plainly indicated. In 1897 mining, manufacture, and transportation gave employment to about 3,000,000 persons. In 1879 there were 979 factories employing between 100 and 500 persons each, the total number of employees in such factories being 219,400. In 1894 the number of such factories was 1,136 and of employees 252,700. Factories employing between 500 and 1,000 persons numbered 164 in 1879, the total number of persons employed in them being 113,900. In 1894 there were 215 such factories, employing 143,500 persons. In 1879 there were 86 factories employing over 1,000 persons each, the total number employed being 163,000. In 1894 there were 117 such factories, the total number of persons employed in them being 259,500.[1]

In the eleven-year period 1887–97 the total production of Russian mining and manufacture rose from 1.3 billions of rubles in 1887 to 2.8 billions of rubles in 1897. From 1887 to 1890 the annual increase was 56 millions of rubles; from 1893 to 1897 it was 276 millions of rubles.[2] These and similar figures illustrative of the industrial development of Russia in this period may be considered from two separate and distinct points of view. On the one hand they invite comparison with similar statistical data relating to other nations. So considered they serve mainly to show Russia's backwardness from the point of view of industrial

[1] These figures are taken from tables by Pogoshev, quoted by M. Olgin, *op. cit.*

[2] Olgin, *op. cit.*, p. 8.

development. Having regard to the long time which had elapsed since the introduction of the factory system under Ivan the Terrible, to the area and population of the empire, and to its vast natural resources, the totals are impressively meager, especially when we compare them with American, British, and German figures. Such a comparison shows quite clearly how czarism hindered the economic growth of the nation. On the other hand, such figures as we have been considering show that by the last decade of the nineteenth century industrial capitalism had become firmly rooted in the life of the great Slav nation. It was truly an era of industrial revolution.

Not even the reactionary régime of the czarist bureaucracy could longer hold in check the great economic forces which had been so slowly developed. Once a certain momentum was attained by those forces they became irresistible: the bureaucratic régime might continue to harass and obstruct, but it could not prevent the progress of industrialism. The war between Japan and China in 1894–95, and the victory of the former, exerted a profound influence upon Russian industrial development as well as upon her foreign policy. The great increase in the number of new joint-stock companies formed in the years immediately following Japan's astonishing demonstration of military and industrial strength are very illuminating. In the three years 1893–95 there had been formed 197 new joint-stock companies with a capital stock of about 191,800,000 rubles. In the three years 1896–98 there were 467 such companies formed

with a capital stock of about 604,000,000 rubles. If we take the average of the three-year period 1893–95, we find that in each of the three years there were organized 66 joint-stock companies, with a total capital stock of something less than 64,000,000 rubles. In the *four* years 1896–99 the average number of joint-stock companies formed was 193 and the average total capital stock, roughly, 236,400,000 rubles. The progress of this movement is shown in the following table:

TABLE A

STOCK COMPANIES IN RUSSIA

Year	*No. of New Companies*	*Capital Stock in Rubles*
1893	55	56,600,000
1894	64	57,600,000
1895	78	77,600,000
1896	127	180,700,000
1897	136	187,500,000
1898	204	236,100,000
1899	305	341,400,000

In the same period there was an extensive, almost feverish, growth of railway mileage. This was doubled between 1890 and 1897 and there was a corresponding increase in equipment, in the number of locomotives and passenger and freight-cars. Of course, it is true that a very considerable part of this railroad development was due to reasons of military strategy and should be credited, therefore, to the foreign policy of the bureaucracy rather than to the natural development of industrialism. Nevertheless, in Russia, as in every

country, the development of railway transportation forms an essential part of the industrial development of the country. Lack of railway facilities has greatly hampered Russia's industrial progress. Take, for example, the immense possibilities of iron production in the Ural Mountains, which was begun as far back as the reign of Ivan the Terrible. Because until recently there was no coal mined in the Ural Mountains, it was necessary to bring coal from western Siberia. Lack of adequate railway transportation has been one of the chief factors in retarding the development of this great industry.

How inadequate Russia's railway system has been and is may be seen by comparing her railroad mileage with that of other countries. The Russian Empire, as it was constituted at the time of the outbreak of the World War in 1914, embraced an area three times the size of the United States, an area approximating almost one-sixth of the land of the globe. Yet it had only 39,706 miles of railroad as compared with 258,782 in the United States.[1] Whereas in the United States there was a mileage per 10,000 of population of practically 29 miles, in Russia there was less than 3 miles. With a population of 160,000,000, excluding present Poland and Finland, Russia possessed, at the outbreak of the war, a railway system whose freight-carrying capacity only slightly exceeded that possessed by the railways of Canada, a country with a population of 8,000,000.[2]

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[1] United States figures are for 1910.

[2] *Russia, Her Economic Past and Future*, by Dr. Joseph M. Goldstein, p. 52.

The conclusion which these figures of railway transportation suggest is that Russia is a country as yet undeveloped, whose industrial evolution is barely begun. The statistics of every department of Russia's economic life lead irresistibly to the same conclusion. Lest we exaggerate the undoubted progress in industrial development which occurred in Russia in the years immediately preceding the World War, it may be well to remember that before the Revolution in 1917 the total capital represented in all the industrial and commercial joint-stock companies of Russia, *exclusive of banks and railroads*, was only around two billion dollars—about one-ninth of the capital invested in the stocks and bonds of the railways of the United States. The stock-and-bond capital of one American corporation—the United States Steel Corporation—was almost equal to the entire capital of Russia's industrial and commercial joint-stock companies, exclusive of railroads and banks.[1] With a population of 179,000,000, the total paid-up capital of *all* Russian industrial and commercial corporations was less than two billions of dollars, as against twelve billions of dollars for England with a population of 45,000,000, the English figures being exclusive of the immense sums invested in the railway companies of the nation. In Russia with 179,000,000 people there were barely 2,000 joint-stock companies; in England with 45,000,000 people there were more than 56,000 such companies.[2]

The inference to be drawn from these and similar statistics is that Russia is a land that offers

[1] Goldstein, *op. cit.*, p. 7. [2] *Idem*, p. 7.

almost unlimited opportunities for industrial development. Her known natural resources are immeasurable. They are greater in sum and variety than the known natural resources of any other nation. As yet only the merest fringe of these has been touched, just enough to indicate the immense stored reservoir which lies waiting for labor and enterprise to create channels for the distribution of its riches.

III

As we have already observed, the war between Japan and China, and the emergence of Japan from obscurity to a place among the great powers, greatly affected the foreign policy of Russia and also stimulated her industrial growth. The war was terminated by the Treaty of Shimonoseki, signed on April 17, 1895. By that treaty Japan imposed upon China the following conditions:

1. Recognition of the complete independence of Korea.

2. Cession by China to Japan of the Liaotung Peninsula and adjacent waters, Port Arthur and Talien-wan, the islands of Formosa and the Pescadores.

3. Payment by China to Japan of an indemnity of 200,000,000 taels, Wei-hai-wei to be held in pledge by Japan until this was paid.

4. Opening up to trade of Saslich, Chungking, Suchow, and Hangchow, and of the Yangtse-kiang to navigation.[1]

The gains made by Japan at the expense of the Celestial Empire were such as would practically

[1] *Japan, From the Age of the Gods to the Fall of Tsingtau*, by F. Hadland Davis, p. 268; *Japan, the Rise of a Modern Power*, by Robert P. Porter, p. 139.

make impossible the fulfilment of Russia's great plans for Asiatic expansion. The bureaucracy had been anxious to bring the whole of Manchuria within the sphere of Russian control and, ultimately, absorb it into the Russian Empire. To that end the Trans-Siberian Railway, a large part of the eastern section of which traversed Chinese territory, logically tended. This policy really dated from 1854, when Count Muraviev seized the Amur River during the blockade of the Black Sea in the Crimean War. The Treaty of Aigun, in 1858, supplemented by another treaty made two years later, began the intimate relations between Russia and China which lasted for the next half-century. By those treaties Russia acquired the whole coast of Manchuria to the frontier of Korea and the right to establish the great harbor of Vladivostok as an eastern seaport and the gateway to Siberia.[1]

The bureaucracy also wanted to secure a footing in Korea, which possessed splendid harbor and port facilities greatly desired by Russia. Once established in Korea, Russia would undoubtedly have absorbed it and incorporated it into the empire. That this was the grandiose scheme of the bureaucracy there can be no possible doubt. To that scheme the Japanese, by acquiring domination of Korea—which was the reality masked by the diplomatic rhetoric about the "recognition of the complete independence of Korea"—dealt what would have been a death-blow if the Treaty of Shimonoseki had been permitted to stand.

[1] See "Vladimir," *Russia on the Pacific*, p. 317 *et seq.*

Six days after the signing of the Treaty of Shimonoseki the Russian government made the following remonstrance to Japan:

"The government of his Majesty the Emperor of All the Russias, in examining the conditions of peace which Japan has imposed on China, finds that the possession of the Peninsula of Liaotung, claimed by Japan, would be a constant menace to the capital of China, would at the same time render illusory the independence of Korea, and would henceforth be a perpetual obstacle to the permanent peace of the Far East. Consequently, the government of his Majesty the Emperor would give a new proof of their sincere friendship for the government of his Majesty the Emperor of Japan *by advising them to renounce the definitive possession of the Peninsula of Liaotung*."[1]

Back of this formidable threat disguised as advice prompted by "sincere friendship" a subtle and sinister chain of diplomatic intrigue was hidden. It is hardly to be doubted that Germany had exercised a great, and perhaps controlling, influence in the shaping of Russia's policy. In February, 1895, Russia, seeing the inevitable outcome of the war, had circularized the great European powers and the United States on the question of the terms which Japan should be permitted to impose upon China. The Japanese knew, of course, that France and Russia would be opposed to having Japan gain possession of Dalny and Port Arthur and equally to her virtual annexation of Korea. In the first place, these were obvious

[1] Italics are mine.—The Author.

Russian objectives. In the second place, not only were Russian and French interests practically identical, owing to the large French investments in the Russian loans which furnished the capital used by the Russian government in constructing the Trans-Siberian Railway, but the interests of France in Asia, her possessions in Tongking and Annam, naturally made her averse to seeing a great, militant Asiatic power arise. That France supported Russia's remonstrance against the Treaty of Shimonoseki did not surprise the Japanese.

Japan had no reason to believe that Great Britain would interfere with her. On the contrary, it was reasonable to expect her support against Russia and France. She was not allied with China in any way, as the war had shown. Indeed, her attitude had been uniformly friendly to Japan. Furthermore, not only were Anglo-French and Anglo-Russian relations strained at the time, but, what was more important, the possession of Manchuria and the Liaotung Peninsula by Russia meant a potential danger to India.

Nor had Japan any reason to expect that the attitude of Germany would be hostile to her. Germany had no territorial interests in the Far East; it was well known that her foreign policy had always aimed at preventing Russia from becoming a great naval power. In the extension of Russia to the Liaotung Peninsula or to Korea, and the acquisition by her of great ice-free ports, Germany, it was naturally expected, would see a menace to her own ambitions. Just before the war began, indeed, Germany had clearly shown

that she would not permit Russia to establish a protectorate over Korea. Finally, there were two acts on the part of Germany which Japan was justified in regarding as pledges of exceptional friendship. The first was the friendly warning conveyed to her in March, 1895, that Russia and France intended to intervene should Japan acquire any territory in Manchuria. The second was the telegram sent to Count Mutsu, the Japanese Foreign Minister, by Baron von Gutschmid, the German Minister at Tokio, warmly congratulating Japan upon the conclusion of peace at Shimonoseki.

Like a thunderbolt out of a clear sky, on April 23, 1895, immediately following the deliverance of the Russian note advising Japan to "renounce the definitive possession of the Liaotung Peninsula," Baron von Gutschmid delivered on behalf of the German government a brutally offensive note, also advising Japan to give up the Liaotung Peninsula and pointing out that Japan could have no chance of victory in a war against Russia, France, and Germany! The German Ambassador was induced to withdraw this note on the pretext that the Japanese translation was defective and did not correctly represent the German original, and to substitute another note identical with that of Russia and France. It was, of course, out of the question that Japan should resist a demand presented with such a show of force. She could not expect Great Britain to quarrel with Germany, Russia, and France, and go to war with them to help Japan. Lord Rosebery refused to join with the three European powers in coercive measures

against Japan, but he could not be expected to challenge them to war. Consequently, Japan abandoned her claims in Korea and the Liaotung Peninsula and received from China an additional indemnity of 30,000,000 taels, payment of which was secured by a loan to China guaranteed by Russia.[1]

Toward the end of 1897 Germany—using the murder of two missionaries as a pretext—began to bring pressure upon China to cede to her the important strategic harbor of Kiaochau, on the Shantung Peninsula, and on March 6, 1898, the Kiaochau district was formally turned over to her on "a lease for ninety-nine years," a diplomatic fiction intended to cover permanent occupation. Thus Germany had acquired one of the most commanding strategic naval bases in the Far East. So far Germany's policy seems simple enough. It appears as an ordinary bit of diplomatic chicane and spoliation. What is less explicable is the fact that the Kaiser suggested to Czar Nicholas II that Russia take Port Arthur and Talien-wan. Thus with the connivance of Germany, and at her instigation, Russia forced China to cede to her the southern part of the Liaotung Peninsula for "a lease of twenty-five years," and so acquired Dalny and Port Arthur, ice-free ports of the highest strategic value. Russia occupied these ports on March 28, 1898, and twelve days later France secured a "lease" of Kwang-cho-wau, between Tongking and Canton.

China was being partitioned and, at the same

[1] Porter, *op. cit.*, pp. 140–142; Davis, *op. cit.*, pp. 269–270.

time, an iron ring was being drawn around Japan. It was a great relief to the latter when the British government, unwilling to see Germany and Russia intrenching themselves in such strong strategic centers without securing some point of equal advantage, proposed to take over Wei-hai-wei, on the Shantung Peninsula, which Japan held as a pledge under the terms of the Treaty of Shimonoseki. Great Britain, therefore, took over Wei-hai-wei from Japan, "leasing" it from China with Japan's hearty assent, the "lease" to terminate only when Russia evacuated the Liaotung Peninsula.

Even now, after the lapse of more than twenty years, and the numerous revelations of the diplomatic intrigues of Germany and Russia which have occurred as the result of war and revolution, Germany's motives in apparently advancing Russian imperialistic designs are by no means certainly established. Was it a deliberate attempt to bring Russia into conflict with Japan? There is much to suggest that this question must be answered in the affirmative, but the further question then arises, what German purpose would such a war serve? Certainly the treacherous policy pursued toward Japan so recently precludes any suggestion that the Kaiser was actuated by friendship for that country. A victory by Japan over Russia might, indeed, cause her to attempt to take Kiaochau. On the other hand, a victory by Russia would be a blow to what the world recognized to be the central principle of Germany's foreign policy. Can it be that Germany was counting

upon Russia's defeat by Japan, and upon revolution following such defeat, as a preliminary condition for an attack upon France and for the conquest of Europe? Russia was rotten with corruption, as the Germans well knew. England was involved in great difficulties in India, Egypt, and South Africa. With Russia crushed militarily and financially—and perhaps disintegrated politically—Germany, Austria-Hungary, and Turkey would be invincible, the United States of America not being considered as entering into the problem at all.

It would be too great a digression from our main purpose to enter upon a detailed discussion of the questions raised in the foregoing paragraph. The principal reason for sketching the events which led Russia into the disastrous war with Japan in 1904 is the fact that the war and the foreign policy which led up to it were important factors leading to a great acceleration of Russia's industrial progress.

The bureaucracy pushed on in Manchuria and Korea against the advice of General Kuropatkin, who saw that war in the Far East would pave the way for European war. The Czar himself was believed to have sided with Kuropatkin, but to have been overruled by the bureaucracy.[1] Kuropatkin, finding the force against him so strong, attempted to resign, but was prevented from doing so.

In August, 1903, Japan proposed a treaty the substance of which was that Russia should dominate Manchuria and leave Japan to dominate Korea. Russia submitted, nearly two months later, a

[1] Porter, *op. cit.*, p. 154.

counter-proposal in the form of a treaty under which Japan would undertake to refrain from using any part of Korea for strategic purposes or erecting any military works of any kind. There was also to be a neutral zone in northern Korea. Russia, on the other hand, was to have absolute freedom in Manchuria. In December Kuropatkin proposed that Russia should agree to confine her interest in the Far East to northern Manchuria, restoring the whole of the Liaotung Peninsula to China. He insisted that the Japanese army was fully equal to that of any European nation and not to be lightly regarded. On January 13, 1904, Japan renewed, practically as an ultimatum, the proposals made by her in August. No reply being received from Russia, war was declared on February 10, 1904.

This is not the place even to sketch the history of the Russo-Japanese War.[1] As all the world knows, Russia was subject to a series of humiliating defeats, notably the disastrous defeat at Mukden, in March, 1905, and the destruction of her great Baltic fleet, off the island of Tsushima, in May. In June President Roosevelt interceded and proposed peace negotiations, acting on suggestions emanating from Russia. The war came to an end with the Treaty of Portsmouth, signed on September 5th, by which Russia agreed to cede to Japan the half of Saghalien Island she had annexed in 1875, to recognize Japan's suzerainty over Korea, to evacuate Manchuria, surrender her

[1] Perhaps the best story of the war is that by Major F. B. Maurice, *Cambridge Modern History*, Vol. XII.

lease of the Liaotung Peninsula and Port Arthur, and to pay Japan the sum of 40,000,000 rubles, not as indemnity, but as payment for the maintenance of Russian prisoners.

With the calamitous ending of its "great adventure" in the Far East, Russia had to abandon the grandiose imperialistic vision of becoming the master of Asia. That was the rôle chosen by Japan. Russia was forced back toward Central Asia—precisely where the Pan-Germanists desired that she should be. Of course, baffled in the East, the Russian bureaucracy would turn to the West. If Russia's future was not in the Far East, after all, it must be in Europe. But the Pan-German philosophy and the military policy based upon it had made provision against that very thing. Blocking the way to the Mediterranean, commanding the principal channel of her trade, was Germany, master of the empire of the Turks, and therefore of the Dardanelles, as absolutely supreme in her domination of the maritime highway from the Black Sea and the Sea of Azov to the Mediterranean as of the other great highway, the Baltic Sea. "Turkey opposes an obstacle to the penetration of the Mediterranean by the mighty Eurasian nation, Russia. This obstacle resides rather in the fortified works on the Bosphorus and the Dardanelles than in the international treaties concerning these straits. Germany also is greatly interested in the maintenance of this barrier. *It is greatly to the interest of Germany that this barrier should be maintained and that Russia should not penetrate the Mediterranean.*" Thus a noted Ger-

man militarist had written in 1902.[1] Another influential writer of the same school pointed out that the treaty relating to the Bagdad Railway not only tended to exclude Russia from Asia Minor, but also to isolate her from Europe and confine her to Central Asia, "her true sphere." [2] In this way Russia would be so hemmed in and so hampered in her economic development that she could hardly escape becoming virtually a German colony.

Japan's defeat of Russia was, therefore, a victory for Germany. In no country in the world, outside of Japan itself, was the Japanese victory hailed with such great rejoicing as in Germany. The military caste of Germany was elated, because the victory of Japan was regarded as a vindication of German military methods, the Japanese army having been trained by German officers. The exultant Japanese sent telegrams to their German instructors in the hour of their triumph and pride. It is not without reason that the Japanese have become known as "the Prussians of Asia." It was Prussia that Japan selected as the model to copy, and the whole Japanese army was imbued with the ideals and the spirit of Prussian militarism. In vain do the Japanese and their champions protest against such statements as this: the evidence that by 1904 Japan had been thoroughly Prussianized and militarized is quite overwhelming and indisputable.[3] It was natural that her victory

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[1] Colonel Rogalla von Bieberstein, quoted by André Chéradame, *La Question d'Orient, La Macédoine. Le chemin de fer de Bagdad*, p. 253.

[2] Colonel Hildebrandt, quoted by Chéradame, *op. cit.*, p. 255.

[3] See pp. 145–148.

over Russia should evoke rejoicing in Berlin. When the battle of Mukden—up to that time the biggest battle in history—ended so disastrously for Russia, there was exultation in the Wilhelmstrasse. Russia was now in no condition to help France. It was, therefore, a favorable moment for opening up the dispute with France over the Moroccan question. A few days after the Japanese triumph the Kaiser visited Tangier.[1]

Wilhelm was pursuing a cunningly conceived policy which had become well recognized. In the eighteen-eighties Bismarck told Prince von Bülow: "In Russia there is a serious amount of unrest and agitation for territorial expansion which may easily result in an explosion. It would be best for the peace of the world if the explosion took place in Asia, and not in Europe. *We must be careful not to stand in the way, otherwise we may have to bear the brunt of it.*"[2] The same thought is expressed more brutally in these words by General Friedrich von Bernhardi: "The political rivalry between the two nations of the yellow race *must be kept alive.* If they are antagonistic, they will both probably look for help against each other in their relations to Europe, and thus enable the European powers to retain their possessions in Asia."[3]

The Russian bureaucracy had played precisely the rôle Germany desired. Russia had been beaten and humiliated, on sea and on land, by a nation of little over 45,000,000 people, possessing not a

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[1] March 21, 1905. See Porter, *op. cit.*, pp. 205–206.

[2] Quoted by Kawakami, *Japan and World Peace*, p. 4.

[3] Kawakami, *idem*, p. 6.

tithe of her resources, human or material. With a population three times larger than Japan's, with an annual budget of two billions as against Japan's paltry budget of sixty millions, the Russian giant had been thrashed. Here was positive proof of the inefficiency and utter incompetence of the bureaucratic oligarchy. It had not been driven into the war, which could have been easily averted without loss of honor. It had been fully warned by Kuropatkin concerning Japan's preparedness. No modern army was ever subjected to anything like the incompetence which characterized the government of Czar Nicholas II. Many Russians of liberal, and even revolutionary, sympathies have vigorously protested against such criticisms as this, denying that the bureaucracy of Russia was more incompetent than bureaucracies generally are. However that may be, the evidence of gross incompetence in this instance is overwhelming.

Even worse than the incompetence, if that were possible, was the terrible corruption and graft which ran riot. Here again it may be urged, with some justice, that the Russian bureaucracy was not more corrupt than the French, for example. With that question we are not here and now concerned. The horrible scandals of the Turkish war in 1877 were outclassed. Everywhere was looting and graft. The army and navy were honeycombed with this form of treachery. Kuropatkin himself managed to amass a personal fortune of over six million rubles, it was charged at the time.[1] Generals and officers on campaign levied enormous

[1] Ular, *Russia from Within*, 1905, p. 257.

percentages on the allowances made to them for maintenance of the army. The negotiations to purchase cruisers from Argentina were held up because high officers insisted on dealing only with an American agent who had agreed to pay them enormous commissions. Arsenals supposed to be full were in fact empty. "Gold-mines" had been paid for which never existed. Funds of the Red Cross, intended for the relief of the soldiers, were embezzled by an intimate friend of the Dowager Empress. Treason was rampant in the army. In the famous trial of Colonel Grimm, the accused, addressing the officers conducting the trial, said, "I am guilty, but three-quarters of you deserve to be at my side on this bench." The war cost Russia more than $1,600,000 a day, and of that sum it was estimated that at least 20 per cent. found its way into the pockets of the officials.[1] And it is as certain as anything can be that German influences had long been at work systematically corrupting the Russian bureaucracy, the army, and the navy, thus sapping the giant's strength.

IV

The period of the Japanese war, and the nine years which intervened between the Treaty of Portsmouth and the outbreak of the World War witnessed a remarkable growth of Russian industry and commerce. A few statistical illustrations will make this growth quite plain:

In 1900-01 Russia produced 16,750,000 tons of

[1] See Ular, *op. cit.*, for a striking summary of this subject.

coal. In 1902–03 the amount produced was 17,200,000 tons. In 1912–13 it was 34,000,000 tons. When the war broke out in 1914 coal production was at the rate of 40,000,000 tons per year.

In 1902–03 the production of copper was about 9,000 tons. In 1912–13 it was over 34,000 tons. In the first half of 1914 production was at the rate of 40,000 tons a year.

In 1902–03 the production of iron ore was 4,200,000 tons for the year. In the year 1912–13 the production was 8,900,000 tons.

In 1902–03 the amount of pig-iron produced was 2,500,000 tons. In 1912–13 it was 4,400,000 tons. In the first half of 1914 production was at the rate of 5,000,000 tons a year.

In the case of oil only do we find an exception to this rule of industrial progress. The exhaustion of some oil-fields, and governmental action restraining the development of others, resulted in a decline from an annual production of 10,800,000 tons in 1902–03 to 9,200,000 tons in 1912–13. This was a temporary and incidental check, however, and not indicative of a general decline in this important industry.[1]

The industrial progress indicated by these figures, and the equally great increase in the volume of agricultural production, brought about an immense growth of commerce. In 1901 there were 862,000 commercial houses in Russia. By 1911 the num-

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[1] For most of the figures on this subject I am indebted to the admirable monograph by Prof. J. M. Goldstein, *Russia, Her Economic Past, Present, and Future.* Professor Goldstein is acknowledged to be the foremost Russian authority on the subject of trade development.

ber had increased to 1,117,000, and in June, 1914, to 1,500,000.[1] It is very interesting to follow the steady increase in the volume of Russian commerce. The total value of Russian imports and exports during the first quarter of the nineteenth century averaged 112,300,000 rubles per annum. From 1825 to 1849 it was 221,200,000 rubles. From 1875 to 1900 it was 1,092,000,000. In other words, the commerce increased by 972 per cent., nearly ten times what it was.[2] During the first five years of the present century the total of Russia's foreign trade increased by one-third, the amount for 1905 being 1,702,000,000 rubles. By 1910 it had risen to 2,533,000,000 rubles, and by 1913 to 2,690,000,000 rubles.[3]

Russia, like the United States, may fairly be called a self-sufficing nation. That is, it has within its boundaries the material requisites to supply all the fundamental needs of its people. It produces, or can produce, enough grain and other foodstuffs to feed them, wool, flax, and cotton to clothe them, lumber and metals to house them and provide them with tools and machinery. Like the United States, Russia could, under favorable conditions, live in some degree of comfort if confined absolutely to its own resources. The United States does not, however, confine itself to its own resources in this manner, but imports many things, its pre-war importations amounting to nearly two

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[1] A. J. Sack, *America's Possible Share in the Economic Future of Russia*, p. 7.

[2] Alexinsky, *op. cit.*, p. 47.

[3] These figures are given in the *Report of the Minister of Finance on the Budget Proposals of 1914*, Part II.

billion dollars a year. On the other hand, the United States exports a great many things, especially foodstuffs and manufactured articles. Russia likewise imports many things and exports many. The value of her imports prior to the outbreak of the World War was about 700 million dollars a year. The main difference between the two countries, as a leading Bolshevist journal has pointed out, lies in the fact that Russia imports a smaller proportion of raw materials or articles of luxury than the United States, and a larger proportion of manufactured goods, such as tools, machinery, electrical supplies, and so forth. Her exports are principally of foodstuffs and raw materials. The United States, on the other hand, exports large quantities of manufactured goods.[1]

In the five-year period 1909–13 Russia's imports averaged 1,136,900,000 rubles annually, and her exports in the same period averaged 1,501,400,000 rubles annually. For the three-year period 1911–13 the figures were higher, being imports 1,236,000,000 rubles per annum and exports 1,544,000,000 rubles. Of the imports, foodstuffs of all kinds amounted to 218 millions of rubles; raw materials and materials partially manufactured to 592 millions of rubles; manufactured goods ready for use, 412 millions; animals, 14 millions. Of the exports, foodstuffs amounted to 893 millions of rubles; raw and unfinished materials, 544 millions; manufactured goods ready for use, 76 millions; animals, 31 millions. The following tables give the imports and exports for the five-year period 1909–13:

[1] *Soviet Russia*, Vol. I, No. 5, p. 8, July 5, 1919.

TABLE B

IMPORTS INTO RUSSIA, 1909–13

Commodity	*Average Value per Year for Period (Rubles)* [1]	*Percentage of Total Imports*
Foodstuffs of vegetable origin.......	155,800,000	13.7
Machinery and implements..........	135,600,000	11.9
Silk, flax, and all kinds of tissues....	139,900,000	11.9
Animal products, fish, etc..........	125,400,000	11.0
Raw cotton......................	110,300,000	9.7
Metals and manufactures of metal...	97,100,000	8.5
Minerals........................	64,600,000	5.7
Lumber and forest products........	55,400,000	4.9
Wool..........................	51,200,000	4.5
Perfumery, drugs, etc.............	47,500,000	4.2
All others.......................	161,900,000	14.0

TABLE C

EXPORTS FROM RUSSIA, 1909–13

Commodity	*Average Value per Year for Period (Rubles)* [2]	*Percentage of Total Exports*
Wheat.......................	293,000,000	
Barley.......................	175,700,000	
Oats.........................	56,500,000	
Corn.........................	34,100,000	
Rye..........................	33,700,000	
Bran.........................	30,400,000	
Flour........................	20,300,000	
	Total 643,700,000	42.9
Forest products...............	145,100,000	9.7
Flax and hemp...............	89,300,000	5.9
Eggs.........................	76,400,00	5.1
Butter........	62,300,000	4.1
Sugar........................	40,900,000	2.7
Oil and oil products...........	36,700,000	2.5
Oil cake......................	35,500,000	2.4
Hides and skins (raw).........	30,600,000	2.0
Oil seeds.....................	24,200,000	1.6
Furs.........................	16,600,000	1.1
Platinum.....................	14,200,000	1.0
All others....................	285,900,000	19.0

[1] In round figures

[2] *Idem.*

Of the total volume of imports into Russia foodstuffs naturally constituted a minor part, the total value of all foodstuffs of vegetable origin and of all animal products, a large part of which consisted of other than food articles, was in 1912 about 280,000,000 rubles, as against about 653,000,000 rubles for machinery, implements, and raw materials and semi-manufactured goods. With the sole exception of machinery and implements, for which she remains dependent upon the outside world, Russia's imports before the war were already become of secondary importance to her home production. For example, in 1912 the importation of wool amounted to 2,150,000 poods,[1] but in the same year the domestic production was 13,500,000 poods. That is to say, Russia produced 86 per cent. of all the wool she consumed. In the same year she imported 306,000,000 poods of coal, but produced 1,887,000,000 poods, 87 per cent. of her total coal consumption.

How vastly more important was her trade with the western nations than with the Far East is indicated by the fact that of the total volume of her international trade by far the greater part passes by way of her European frontier. For the five-year period 1907–11 the value of the goods passing her western frontiers, both imports and exports, averaged 2,083,700,000 rubles a year, while the value of those passing her Asiatic frontiers averaged only 202,702,000 rubles, or less than one-tenth as much. The Russian Social Democrat, Alexinsky, quoting these figures, points out that

[1] A pood equals 36.1 American pounds.

though under the old régime Russia's political life was far from being truly Europeanized, her economic life was interwoven with that of Europe and its connections with Asia of minor importance only.[1] Of all Russia's export trade fully one-third was sent from the ports of the Black Sea and the Sea of Azov through the Dardanelles, including not less than 80 per cent. of the total exportation of cereals. Almost another third, over 30 per cent., of the total export trade was by way of the Baltic. And Germany dominated both routes, being in a position to close them to Russian commerce almost at a moment's notice.

V

Perhaps the most remarkable feature of the economic supremacy of Germany in Russia immediately prior to the World War was the fact that this supremacy was attained despite the vast preponderance of French and British capital invested. Foreign capital has entered Russia in two principal ways, namely, through loans raised in the bourses and exchanges of European countries by Russian municipal and state authorities, and by foreign investments in Russian industrial and commercial enterprises. A portion of the latter represents capital invested in enterprises of Russian origin—that is to say, enterprises founded on Russian capital mainly, and the rest capital invested in enterprises due to the initiative of, and controlled by, the foreign investors themselves. It is a fact of the utmost importance, though fre-

[1] Alexinsky, *op. cit.*, p. 48.

quently overlooked, that, while foreign investment represents a very considerable proportion of the total capital invested in Russian industry, only a very small part of the total foreign capital invested in Russia represents investment in industrial and commercial concerns. By far the greater part represents loans to the state and to municipalities, and represents a bonded indebtedness to be met from public revenues. The splendid solvency of Russia immediately prior to the World War, despite her unsound financial policy, was due to her immense resources. The reckless borrowing and the inefficiency of the old régime were such that any other nation than Russia would have been in danger of being brought to a state of bankruptcy. The outbreak of the war actually found Russia behindhand in the payments to meet her liabilities.[1]

Of the foreign capital invested in Russia up to 1914 the greatest part was French. Although exact figures are not available, the total French capital invested probably far exceeded the combined totals of German, British, Belgian, and American investments. Owing to the somewhat strained relations between Russia and Great Britain from, say, 1880 to 1906, British capital did not flow freely into Russia. Therefore, Russian development depended mainly on French, Belgian, and German capital. From 1908 to 1914 there was a great increase in the inflow of British capital, particularly in connection with the development of the oil industry.

In 1890 there were in the whole of Russia only 16 joint-stock companies wholly owned and con-

[1] See Hyndman, *The Awakening of Asia*, p. 232.

trolled by foreign capitalists. The following figures show with great clearness the relative importance of foreign capital in Russian industrial and commercial development:

Period	*No. of Joint-stock Companies Formed on Foreign Capital*
1891–1900	215
1901–1910	160
1911–1913	82

In the last-named period of three years, 1911–13, 774 companies were formed on Russian capital. Thus one-fifth of the new undertakings were of foreign origin. The average share capital of the Russian companies was 1,220,000 rubles per company, while the average capital of the companies of foreign origin was 1,736,000 rubles.

While the French and the English financial investments in Russia far exceed those of Germany, which are, indeed, relatively unimportant, this is not true of the general economic relations. In the matter of economic exchanges Germany at the outbreak of the war was far ahead of both countries. This means that her influence upon the economic life of Russia, and the profit derived from trade with Russia, were disproportionate to the amount of her invested capital. In other words, Germany profited at the expense of France and England as well as of Russia. This is a form of economic parasitism the significance of which has not generally been understood.

In the middle of the nineteenth century the trade of Russia with Germany and France was fairly well balanced, the volume of French trade, imports

and exports, being about nine-tenths that of the trade with Germany. By the end of the nineteenth century the volume of French trade had grown to be three times what it was fifty years before, while the volume of trade with Germany had grown to eleven and a half times what it was. In the five years 1901–05, of the total imports into Russia 35.8 per cent. were from Germany and 4.3 per cent. from France. In 1913 Germany's share in Russia's total imports was 52.7 per cent., and that of France 4.6 per cent. In five years, from 1908 to 1912, inclusive, German imports rose from 331,000,000 to 519,000,000 rubles, while French imports rose only from 35,700,000 to 56,000,000 rubles. In considering these figures we must remember that the amount of French capital invested in Russia is many times that of the German capital so invested. It should also be remembered that Russian exports to France have increased faster than French exports to Russia. The figures are significant:

Year	*Russian Imports From*		*Year*	*Russian Exports To*	
1908	Germany	331,800,000 rubles	1908	Germany	278,900,000 rubles
1908	France	35,700,000 "	1908	France	64,600,000 "
1913	Germany	642,700,000 "	1913	Germany	452,600,000 "
1913	France	56,000,000 "	1913	France	100,800,000 "

It will be seen that the volume of commercial transactions, importations and exportations, between Russia and the two countries was:

1908	With Germany	610,700,000 rubles
	With France	99,300,000 "
1913	With Germany	1,095,300,000 "
	With France	156,800,000 "

England's trade with Russia is second to Germany's in importance. This statement alone indicates the enormous changes which have taken place since the middle of the nineteenth century. Then England's share in Russia's commerce was twice that of Germany, whereas when the war broke out in 1914 Germany's share was practically four times that of England. The steady progress of Germany toward the goal of absolute mastery of the commerce of Russia is shown very clearly in the following table relating to imports:

TABLE D[1]

SHOWING RELATIVE IMPORTANCE OF BRITISH AND GERMAN IMPORTS

Period	*Percentage of Total Russian Imports From England*	*Percentage of Total Russian Imports From Germany*
1846–1848	29.2	15.7
1898–1902	18.6	34.6
1903–1907	14.8	37.2
1908–1912	13.4	41.6
January, 1913–June, 1914	12.8	48.9
January–June, 1914	13.3	49.6

This table, compiled from Russian official figures, shows how rapidly Germany was ousting England in supplying the Russian market. It is equally important to know that Germany was making very similar gain over England as a customer. Russia's exports consisted mainly of raw materials and foodstuffs, grain products alone amounting to

[1] Compiled from figures cited by Professor Goldstein, *op. cit.*, pp. 25-26, also his pamphlet, *America's Opportunities for Trade and Investment in Russia.*

43 per cent. of the total exports for the five years 1909–13. Her imports consisted chiefly of machinery, tools, appliances, metals and metal products, and cotton. In 1908 her exports to Germany were valued at 278,900,000 rubles, and to England at 220,100,000 rubles. In 1913 her exports to Germany were valued at 452,600,000 rubles, and to England at 226,800,000 rubles. Thus English imports from Russia increased by 6,700,000 rubles, while in the same period Germany's imports from Russia increased 173,700,000 rubles. In 1911–12, 46 per cent. of Russia's total volume of exports went to Germany, while 45 per cent. of her total imports were from Germany. It will be seen, therefore, that nearly one-half of Russia's foreign trade was controlled by Germany shortly before the war. Moreover, her control was steadily increasing.

TABLE E

VALUE OF RUSSIA'S TRADE WITH VARIOUS COUNTRIES, 1908–13
(In Rubles)

Country	*Exports To*		*Imports From*	
	1908	1913	1908	1913
Germany........	278,900,000	452,600,000	331,800,000	642,700,000
England........	220,100,000	226,800,000	119,900,000	170,300,000
Holland........	93,500,000	177,400,000	11,500,000	21,500,000
France.........	64,600,000	100,800,000	35,700,000	56,000,000
Austria-Hungary.	49,000,000	65,200,000	26,400,000	34,600,000
Italy..........	29,900,000	73,600,000	12,900,000	16,700,000
Belgium........	34,400,000	64,600,000	8,100,000	8,600,000
Denmark.......	31,500,000	35,700,000	8,700,000	12,800,000
Turkey.........	21,500,000	34,400,000	7,100,000	16,900,000
Sweden.........	4,700,000	11,400,000	10,100,000	16,100,000
Norway........	5,800,000	8,600,000	8,700,000	9,800,000

VI

The foregoing statistics show conclusively that when the World War began Germany possessed a strangle-hold upon the life of the great Russian Empire. The story we have outlined is almost without a parallel in modern history. Other great nations have been subject to conquest, both economically and politically. China is a case in point. Nowhere, however, do we find a great nation possessing vast human and material resources, aggressive in extending its dominions, yet helplessly subject to slow but steady and certain strangulation at the hands of a nation much poorer in natural resources and possessing less than half its population. The cold-blooded, relentless manner in which Germany encompassed Russia on every side, in Asia and in Europe; the systematic manner in which she debauched and weakened the government of her victim and exploited her economically, suggest the crushing of Laocoön and his sons by the serpents. The Trojan victims were not more helpless in the deadly coils of the monsters than was Russia under the hands of Germany.

It is quite true that the German succeeded in the foreign market very often because his methods were better adapted to the market than were those of his competitors. He made cheaper goods, of inferior quality, of course, because the people among whom he traded demanded low-priced goods. He made price and not quality his concern. If people could only afford "cheap and nasty" wares, why should he try to sell wares of quality? He followed

the customs of the country in which he was trading in the matter of extending credits, in packing goods, and so on. His catalogues were printed in the language of the country with which he was trading, his business correspondence was in that language, and it was spoken by his agents and salesmen. These things meant much in Russia, just as they did in the South American countries. The advantages derived from such enterprise were fairly and creditably won.

German competition did not limit itself to such creditable and honorable methods as these, however. A common device was to usurp the prestige enjoyed by rivals through fraudulent marking of German-made goods as "English," "Swedish," "French," and so on. This was not commercial competition, as that term has been understood by other nations, but a cowardly and odious form of economic warfare. And the system of export bounties can only be described as economic warfare. But we shall miss the significance of Germany's policy toward Russia, and the real menace of Germany to that nation and to all the world, if we do not grasp the fact that the whole structure of her imperialism was involved. That rested upon a close co-ordination of political and financial interests. Nowhere in the world was there such a highly organized co-ordination of finance, industry, and diplomacy. We see German finance in Russia governed by a scientifically calculated regard for German industry. Instead of fostering Russian industrial development, it took care to use every opportunity to foster Russia's dependence upon

Germany's industrial production and to secure for the latter an ever-increasing share of Russia's raw materials. The German Foreign Office was the link binding the financiers and the industrial capitalists together in a common purpose. Like a mighty machine, the whole vast system—diplomacy, army and navy, finance, industrialism—was directed to the achievement of that purpose. German capital invested abroad must directly serve home industries. German foreign policy must find and preserve markets for German goods. No other nation in history has achieved anything like such a synergy. Japan is the only other modern nation which has seriously attempted to do so.

IV

JAPAN AS GERMANY'S SUCCESSOR

I

IN recent years it has become the habit of writers on the Far Eastern question to present Japan as another Prussia. It cannot be denied that there is a certain fitness and justness in the characterization of the Island Empire of the Orient as the "Asiatic Prussia." Since the fall of the Shogunate and the restoration of the Emperor—1867–69—and the introduction of Occidentalism Japan has developed her government, her industry and commerce, her foreign policy, and her military organization upon lines curiously similar to those upon which modern Germany developed under the leadership of Prussia. There has been the same arrogant and aggressive attitude toward other nations; the same unscrupulous expansion through the war; the same exaggerated nationalism. Pan-Germanism has its parallel in Pan-Nipponism. Precisely as Germany sought to attain the hegemony of Europe, so Japan has aimed at the hegemony of Asia. Moreover, her actions since the war with China, in 1894–95, have made it quite clear that her foreign policy aimed at the exclusion of western nations from the exercise of political or economic

influence in Asia. To that end all her energies have been consciously bent. It was for the purpose of overcoming western power that she adopted western methods.

From the middle of the seventeenth century until the coming of Commodore Perry, Japan lived in seclusion, an artificial seclusion. Perry brought flattery and gifts together with a sufficient number of thirty-two-pounders to enforce acceptance of the proffered friendship. It was essentially a case of "Shake hands and be friends or I will knock your teeth out." Thus the first breach was made in the wall of seclusion. In 1636 the Shogun Iyemitsu had issued a decree forbidding, under penalty of death, any Japanese to leave, or attempt to leave, the island of Japan, ordering the expulsion of all persons of Spanish blood and forbidding forever the building of ocean-going ships in Japan. The next twenty years witnessed the practical isolation of Japan from the rest of the world, an isolation which was to last for two hundred years. In 1638 an edict was issued that all Portuguese ships coming into Japan should be burned and their crews put to death, and when in 1640 a Portuguese ship did arrive at Nagasaki most of the crew were put to death. The survivors were sent back to their own country with this message, "So long as the sun warms the earth, any Christian bold enough to come to Japan, even if he be King Philip himself or the God of the Christians, shall pay for it with his head." [1] It is only just to Japan to recognize the fact that

[1] Potter, *op. cit.*, p. 77.

this bitter and brutal intolerance was a complete reversal of her previous policy, a violent reaction brought about by the intolerant fanaticism of the Christian missionaries and their political intrigues.

After the opening up of Japan to foreign trade, following the successful enterprise of Commodore Perry and the commercial treaties with the United States and the principal European nations which Townsend Harris made possible, it was quite impossible for the Shogunate to long survive. With the reorganization came a new era. Japan under the new régime entered upon a policy of Europeanization. Experts were obtained from the principal western nations and placed in charge of the reorganization of the nation's jurisprudence, education, military and naval forces, commerce, and so on. At first the greatest influence was that of France. The new educational system was patterned after the French system, and so was the criminal law. The army was patterned after the French model and placed under French military instructors. It will be seen at once how powerful and far-reaching French influence was at the inception of the new order.

There was one very powerful Anglo-Saxon influence, namely, the English language. Because England was pre-eminent in trade with the Orient, English was a vital necessity to a nation situated as Japan was. Therefore the study of the English language was made compulsory in Japanese universities and colleges. Thus there was established a means of communication with the Occident especially advantageous to the great Anglo-Saxon

nations, England and the United States. Yet, notwithstanding this great advantage, these nations influenced the political and economic development of Japan during the latter half of the nineteenth century far less than Germany did.

After the end of the Franco-Prussian War, in 1871, Japan turned to Germany for inspiration and for expert guidance. Changes were made in the educational system in 1873, 1879, and 1886, all of them increasing German influence and lessening that of the French. The German language rapidly took the place of the French, the teaching of English remaining compulsory, however. The universities and the normal and intermediate schools were dominated by Germans. So, too, were the medical and engineering schools. The whole body of commercial law was patterned after that of Germany, and German technical experts were employed in large numbers in developing Japanese industry and commerce. Furthermore, the army was reorganized upon German lines and placed under the direction of noted Prussian officers. From 1873 to 1903 the Europeanization of Japan meant its Germanization. It is scarcely an exaggeration to say that the whole national spirit of Japan was thoroughly Prussianized during this period.

It is fairly easy to understand the eager readiness with which the Japanese accepted Prussian leadership, with its militarism, its unscrupulousness in dealing with other nations, and its low cunning in diplomacy and in commercial relations. Japan had with good reason become thoroughly alarmed at

the menace of European domination. The allied war upon China had done much to stimulate that alarm and to create a passionate determination to establish a strong army. The sweeping victory of Prussia over France, and the immense gains in territory and money which the victors derived from that struggle, induced the Japanese to regard the conquerors with envious admiration. It was quite natural that Japan should want her army to be trained by the Germans. It was equally natural that the Germans should extend their influence into every department of Japanese life.

There is another and more fundamental reason for the rapid assimilation of German methods by Japan, namely, the marked similarity of their relation to other nations. Germany, like Japan, was still essentially a feudalistic empire. It was meeting with astonishing success in its attempt to unite the divine right of kings and other feudalistic principles to modern science and industry, which was precisely what the rulers of Japan wanted to accomplish. There is a close relationship between the theocracy of Japan with its god-king and the German system. Neither Germany nor Japan wanted that growing responsiveness of the government to the freely expressed will of the people which characterized other great western nations. We must remember, too, that the birth of the new Japan was practically simultaneous with the birth of modern Germany. What Japan saw, therefore, was a nation reborn at the same time as herself, surrounded by powerful nations, overcoming every obstacle and every disadvantage due to her late

entrance into the family of nations and forging rapidly ahead. It was natural, therefore, that the Japanese should feel great admiration for the Germans, and that they should feel a certain kinship with the western nation. Their problem was in many respects like that of Germany. They wanted "a place in the sun," and Germany's great military and political prestige, so rapidly acquired, led them to believe in and to idealize German methods. The result was the adoption by Japan of the German political system, the German philosophy of world power, German methods of diplomacy, and German military organization.

This is not the unfriendly judgment of a mind equally prejudiced against Germany and Japan. It is recognized by many of the most capable thinkers in Japan. An influential Japanese publicist said to the present writer in the early summer of 1918, when German triumph seemed imminent: "We Japanese have, unfortunately, been too completely Germanized in all our ways, especially in our political thinking. Whether Germany triumphs in this war or loses, the greatest task before Japan will be the undoing of this great mischief. We must un-Germanize Japan if we are to live happily and at peace with the world." Dr. Yujiro Miyake, a patriotic Japanese publicist of large influence, wrote in December, 1918: "The Japanese army was organized in accordance with the German system. So with Japanese politics, laws, science, and everything else. The admirers of the German military system were apt to think that the German political system would be the best in the world,

just as her military system was. The followers of the German science, on the other hand, blindly declared that Japan should follow Germany in all departments of her national activity." [1]

It may fairly be urged in defense of Japan that her aggressive policy of imperialist expansion was forced upon her by the extreme pressure of population upon the too meager means of subsistence. Supersaturation and overpopulation are very real and very serious facts for Japan. For fifty years her population has been increasing at the rate of 400,000 a year. In 1917 the increase was 800,000. There were 33,000,000 Japanese fifty years ago; to-day there are about 55,000,000, excluding Korea, Formosa, and Japanese Saghalien and counting only the inhabitants of Japan proper—that is, of the islands constituting the Japanese mainland. The following figures show the rapid and steady growth of the population:

Year	*Population*
1872	33,110,796
1891	40,718,677
1899	44,260,652
1903	46,732,876
1908	49,588,804
1910	50,984,844
1915[2]	54,282,898

This population is crowded upon an area of only 148,756 square miles, the area of Japan proper, the density of population being about 357 per square mile. This is indeed below the density of

[1] *Nihon Yujiro Nihonjin*, December, 1918. Quoted by Millard, *Democracy and the Eastern Question*, p. 44.

[2] Estimated. See F. Hadland Davis, *op. cit.*, p. 300.

population in Belgium, Holland, and Great Britain, while higher than that of Italy, Germany, and France. It should be remembered, however, that less than 16 per cent. of Japanese land—15,000,000 acres—is arable.[1] Other nations with densely crowded populations have secured large colonial possessions to absorb some of their surplus population and to provide raw materials and foodstuffs. Thus in 1914, when the war broke out, Belgium possessed 900,000 square miles of colonial territory, Germany more than 1,000,000 square miles, Holland almost as much. Japan's recent annexations bring her colonial territories up to about 96,000 square miles, but for the most part these are quite thickly populated. Moreover, the European nations have always enjoyed the great advantage of emigration to other lands, whereas the amount of relief to Japan through emigration has been very small. The Japanese possessions have afforded very little opportunity to relieve the mainland from the terrible pressure of its teeming millions of surplus population. Formosa and even Korea are already quite densely populated and afford very little room for colonists, their population amounting to almost 190 persons per square mile.

The Japanese have been under the very distinct disadvantage that many countries discriminate against Japanese immigration. The surplus population of England, Belgium, Germany, and other crowded countries can find a place in the United States, Canada, Australasia, and South Africa, whereas these countries have either prohibited Jap-

[1] Porter, *op. cit.*, p. 269; Woodruff, *The Expansion of Races*, p. 44.

anese immigration entirely or so greatly restricted it as to make it of small importance so far as the Japanese problem was concerned. It is quite easy, therefore, to understand the economic motivation of Japan's aggressive policy of territorial expansion. She must expand or degenerate and decay. One may appreciate this fact, however, without accepting it as a sufficient justification of her intrigues and her imperialistic aspiration to the hegemony of Asia.

II

It is said that in the latter part of the sixteenth century the famous Great Councilor, Toyotomi Hideyoshi, said to the Regent Nobunaga: "When Kyushu is ours, if you will grant me the revenue of that island for one year, I will prepare ships of war, and purchase provisions, and go over and take Korea. Korea I shall ask you to bestow on me as a reward for my services, and to enable me to make still further conquests; for with Korean troops, aided by your illustrious influence, I intend to bring the whole of China under my sway. When that is effected, the three countries (China, Korea, and Japan) will be one. I shall do it as easily as a man rolls up a piece of matting and carries it under his arm."

This vision of the great "Japanese Napoleon" still dominates the foreign policy of Japan. Korea, the troublesome little kingdom so inappropriately named "The Land of Morning Calm," from the time of Hideyoshi's invasion in 1592 down to the present has been in constant turmoil. During

almost the whole period from Hideyoshi's brutal invasion down to the Chinese-Japanese war Korea was subject to infamous treatment by Japan and looked upon China as a protector. Although Korea continued to pay tribute to Japan and so to acknowledge the latter's suzerainty over her down to 1875, the treaty she signed with Japan in February, 1876, declared her to be "an independent state" enjoying "the same sovereign rights as Japan." In 1894 there was a great uprising in Korea, and it is notorious that both Japan and Russia had a share in its instigation. In spite of the Treaty of Tientsin, China sent an army to Korea, at the request of the Korean government, to quell the uprising, and in notifying Japan said, "It is in harmony with our constant practice to protect our tributary states by sending troops to protect them." Japan seized upon this use of the term "tributary states" as constituting a declaration of Chinese suzerainty over Korea and war became imminent. Japan tried to get China to agree to conjoint action in Korea, but China refused on the ground that the Koreans must be left to work out their own problems. Then Japan tried by means of an armed force to compel the Korean government to adopt various reforms, which the Korean government, supported by China and Russia, declined to consider, at the same time demanding the withdrawal of the Japanese troops. On July 25, 1894, without the formality of a declaration of war, Japan began hostilities by sinking a transport laden with Chinese soldiers bound for Korea.

By the terms of the Treaty of Shimonoseki China recognized the independence of Korea. This was a prelude to Japanese annexation of Korea. It meant that China formally renounced any special interest in the Land of Morning Calm and would not interfere with Japanese policy there. Japan wanted the Korean peninsula, not only because of the strategic value of its harbors, but also because in its 82,000 square miles are considerable deposits of coal and iron, so much needed by Japan, as well as gold and copper. As we have seen, her triumph was short-lived. Russia wanted Korea herself and was not willing to see it virtually annexed by Japan. Acting in concert with Germany and France, she compelled Japan to renounce her claims to Korea. Japan was obliged to submit, but she obtained her revenge and took another great step toward her goal when, in 1905, just ten years later, she forced Russia to recognize her suzerainty over Korea.

Five years after the signing of the Treaty of Portsmouth Korea was formally annexed by Japan. The steps leading to that end are very interesting. On August 12, 1905, an agreement was reached between Great Britain and Japan by which the former agreed to recognize the special interest of the latter in Korea and acknowledging her right to control Korea's foreign policy. On the other hand, Japan agreed to guarantee the integrity of Korea and to maintain the Korean dynasty. The Treaty of Portsmouth three weeks later imposed substantially the same agreement upon Russia. There was a great native protest in

Korea against being placed under the suzerainty of Japan, the traditional enemy, and many riots took place which the Japanese put down by force of arms. In 1907 the Korean government sent a delegation to the Hague Conference to protest against Japanese oppression. In the summer of that year there were great uprisings in Korea against the Japanese and the latter insisted upon the disbanding of the Korean army. In 1907 a Japanese Resident-General was established in Korea with instructions to hasten annexation, and in August, 1910, the Korean emperor surrendered his crown and his throne and Korea became a part of the Japanese Empire. Up to the present her rule in Korea has been extremely brutal and oppressive.

The story thus hastily sketched in its broad outlines admirably illustrates the unscrupulous methods of Japan in dealing with a weaker nation. She fomented strife and civil war in Korea and then made the resulting disturbances her pretext for seizing the nation by the throat and destroying its independence. Of course, this is not an uncommon practice for nations to indulge in. Russia under the bureaucracy also fished in troubled waters, for example, and intrigued in Korea with a view to ultimate annexation of the kingdom to the Russian Empire. The Japanese methods, however, were particularly brutal and ruthless and quite Prussian in their disregard of both law and morality.

The parallel between Japanese imperialism and Prussianism can be readily seen by comparing the

policy which Japan has pursued toward China with that which Germany pursued toward Russia. In the latter case there was a vast territory, the Russian Empire, possessing an abundance of natural resources and capable of very great industrial development. Prussianized Germany made it a cardinal principle of her foreign policy to hamper and impede Russia's economic and political development, and to that end used every device which a perverted political genius could suggest. She corrupted the government of Russia, fomented dissensions and plots within the Russian Empire, and on every possible occasion involved her in difficulties with other nations. Japan's policy toward China was practically identical, and so were the reasons which prompted it. She wanted to prevent China from becoming a great industrial nation. She wanted China to be economically her vassal—a vast market for her goods and a provider of an almost unlimited supply of raw materials. Moreover, just as Germany aimed at European hegemony so Japan aimed at the hegemony of Asia.

All this was quite clearly evidenced by the Chinese-Japanese war. It was even more apparent from 1905 onward. "By every device known to industry and commerce Japan's trade with the Eighteen Provinces[1] was encouraged. Heavily subsidized steamers plied the waters of the Yangtse and its tributaries; Japanese post-offices and consulates were opened in the main treaty ports; Japanese merchants came in by the hundreds; and Japanese teachers were to be found in Chinese

[1] A name given to China proper.

government schools. Since 1901 Chinese students had flocked to Japan by the thousands, finding in Tokio a nearer and less expensive source of western learning than the university centers of the Occident. *Returning, they had given a decidedly Japanese flavor to the reform movement in their home land.*"[1] Coming from a well-known Japanese apologist, this description cannot be set aside as the exaggerated account of an unfriendly critic.

As a matter of fact the description gives only the barest intimation of the extent to which the Japanese were intrenching themselves in China. Not only were they using the German weapon of export bounties and trade subsidies, but they were also, as befitted pupils of Germany, corrupting and weakening Chinese government and, at the same time, fostering revolution against it. Even the German corruption of the Russian bureaucracy did not equal the corruption of the Chinese government by Japan. Agents of the Japanese government prepared elaborate lists of Chinese officials, civil and military, their habits, debts, financial interests, and so on. If a Chinese official needed money for any purpose he was almost certain to be approached by a Japanese agent, or some Chinese intermediary, suggesting how the necessary money could be readily obtained. Sometimes this took the form of a bribe disguised as a personal "loan." Sometimes a contract would be let in such a manner that the impecunious official was made a nominal partner and enabled to draw big

[1] Kenneth Scott Latourette, *The Development of Japan*, pp. 189–190. Italics are mine. — J. S.

dividends. In other cases the contractor had to pay rich commissions to the official acting as "agent" for the Japanese corporation in whose name the contract was made. One of the most common methods was to induce public officials to raise large loans in Japan for public works, giving local revenues or concessions as security, and to appropriate large sums for themselves. In this way not only was China undermined through the corruption of her officials, but, at the same time, Japan secured control of immense economic interests in China, a veritable mortgage upon her future.[1]

A most sinister feature of this last-named form of financial debauchery was the fact that it became the method whereby Japan financed and fostered revolts and factional strife in China. That this grave charge is true there can be no rational doubt, for it was tacitly admitted by the Japanese Foreign Office soon after the O'Hara Ministry took office. No one who is at all familiar with the subtleties generally employed in Japanese official statements will fail to understand the confession implicit in this statement, issued by the Foreign Office in December, 1918:

> Mischievous reports of Japanese activities in China, more particularly with regard to the granting of loans, have for some time past been in circulation and have imputed to the Japanese government intentions which are entirely foreign to them. For obvious reasons, the Japanese government cannot undertake to discourage financial and economic enterprises of

[1] This whole question is discussed in great detail by Millard, *Democracy and the Eastern Question*, pp. 174–220

their nationals in China, so long as those enterprises are the natural and legitimate outgrowth of special relations between the two neighboring and friendly nations. Nor is the Japanese government at all receding from its readiness to render needed financial assistance to China, consistently with the terms of the declarations and engagements to which it is a party, should the general security and welfare of China call for such assistance.

At the same time, it fully realizes that loans supplied to China, under the existing conditions of domestic strife in that country, are liable to create misunderstandings on the part of either of the contending factions, and to interfere with the re-establishment of peace and unity in China, so essential to her own interests as well as to the interests of foreign powers.

Accordingly, the Japanese government has decided *to withhold such financial assistance to China as is likely, in its opinion, to add to the complications in her internal situation*, believing that this policy will be cordially participated in by all the powers interested in China.[1]

According to Prof. J. B. Powell, than whom there are few more competent authorities upon this subject, the greater part of the Japanese loans to China have been used for purposes of internal warfare in China. At the same time as she was weakening her big neighbor Japan was obtaining mortgages upon practically everything China possessed. He says:

Between January 1, 1909, and June 30, 1918, Japanese bankers have advanced to China yen 178,770,000 and, in addition, three other loans to the amount of yen 106,000,000 have practically been agreed upon, and probably will be signed before the end of July. Of the yen 178,770,000 already advanced, yen 164,100,000 has been advanced since May 1, 1915, showing that Japanese activity in the Chinese field really did not begin until eight months after the opening of hostilities

[1] *Japan Advertiser*, December, 1918.

in Europe. Outside of a comparatively small part of the yen 164,100,000 which was used for purposes of flood relief and to combat the plague last winter, most of the money has been used in internal warfare in China. About twelve million yen has been advanced to the southern Chinese provinces, presumably for military use on the southern side, and the rest has been used by the northern, or Peking, government for similar purposes. To pay for these loans China has mortgaged railway lines, gold, coal, antimony, and iron mines. She has mortgaged the government printing-office at Peking, the Hankow electric light and waterworks, and native forests in various parts of the country. There is a clause in each of these loan agreements to the effect that the Chinese authorities shall not obtain additional funds upon these securities unless the consent of the Japanese bankers first has been obtained. As to the expenditure of this money, so far as is known the Japanese bankers have placed no restrictions whatever upon the uses to which the money was to be put. For example, the Chinese authorities make a loan agreement with the Japanese bankers to extend a railroad, develop a coal or iron mine, or to construct telegraph lines. After the money has been obtained and the bankers and negotiators receive their commissions, the rest of the loan is apportioned out among various military governors, who use it to pay their soldiers and keep them loyal.[1]

III

Anything like a comprehensive survey of Japanese relations with China would take us too far afield. At the same time, the attitude of Japan toward her neighbor is of the utmost importance to the serious student of the great problem of Russia's reconstruction and future development. Obviously, if Russia is to have extensive political and economic relations with Japan, and perhaps fall

[1] *Millard's Review*, July 20, 1918.

under her control, the character of Japan becomes a matter of very great moment to Russia and to students of Russian affairs. And nothing better illustrates the character of Japan as a world power than her foreign policy as it relates to China.

There is much food for thought in the brief sequence of dates marking the entrance of these two nations into the World War. On August 1, 1914, Germany declared war on Russia and France. On August 4th, Great Britain declared war on Germany. Eleven days later, August 15th, Japan sent an ultimatum to Germany and on August 23d declared war against her. It was not until August 14, 1917, that China declared war against Germany and Austria-Hungary, notwithstanding the fact that in the three years of bitter struggle the Entente Allies had been very hard pressed, and that there were times when it seemed that the entrance of China on their side would have a beneficial, and perhaps a determinative, effect.

In considering these dates two principal questions arise, namely, why did Japan enter the war when and how she did, and why did China keep out of the war so long? Germany had not made any attack upon Japan nor any threat against her. On the contrary, there were evidences that, for reasons which are obvious, Germany courted Japan's friendship at this time. On the day of Germany's declaration of war against Russia there was an enormous pro-Japanese demonstration in Berlin. Clearly, then, Japan did not enter the war because of any provocative act by Germany. The Japanese official pretext was that Japan was

obliged, under the terms of the Anglo-Japanese Agreement, first made in 1902 and subsequently extended, to enter the war as the ally of Great Britain. This view is indeed set forth in the Imperial Rescript of the Emperor Yoshihito declaring war:

We, by the Grace of Heaven, the Emperor of Japan, on the throne occupied by the same Dynasty from time immemorial, do hereby make the following proclamation to all Our loyal and brave subjects:

We, hereby, declare war against Germany and We command Our Army and Navy to carry on hostilities against that Empire with all their strength, and We also command all Our competent authorities to make every effort in pursuance of their respective duties to attain the national aim within the limit of the law of nations.

Since the outbreak of the present war in Europe, the calamitous effect of which We view with grave concern, We, on Our part, have entertained hopes of preserving the peace of the Far East by the maintenance of strict neutrality, but the action of Germany has at length compelled Great Britain, Our Ally, to open hostilities against that country, and Germany is at Kiaochau, its leased territory in China, busy with warlike preparations, while her armed vessels, cruising the seas of Eastern Asia, are threatening Our commerce and that of Our Ally. The peace of the Far East is thus in jeopardy.

Accordingly. Our Government, and that of His Britannic Majesty, after a full and frank communication with each other, agreed to take such measures as may be necessary for the protection of the general interests contemplated in the Agreement of Alliance, and We, on Our part, being desirous to attain that object by peaceful means, command Our Government to offer, with sincerity, an advice to the Imperial German Government. By the last day appointed for the purpose, however, Our Government failed to receive an answer accepting their advice.

It is with profound regret that We, in spite of Our ardent

devotion to the cause of peace, are thus compelled to declare war, especially at this early period of Our reign and while We are still in mourning for Our lamented Mother.

It is Our earnest wish that, by the loyalty and valor of Our faithful subjects, peace may soon be restored and the glory of the Empire be enhanced.

On the other hand, various Japanese statesmen and publicists have declared that Japan did *not* enter the war because of any obligation imposed by her alliance with Great Britain. Many have contended that the terms of the alliance could not be fairly interpreted as imposing such an obligation. No less responsible a statesman than Viscount Ishii, head of the special mission sent by Japan to America in 1917, declared in Boston, on the Fourth of July of that year, that Japan did not enter the war on account of her alliance with Great Britain, that the terms of that alliance placed no such obligation upon her. Japan had entered the war, he said, because she recognized how seriously the whole civilized world would be menaced by a victorious Germany. In short, her motives were identical with those of the United States.[1]

Certainly it is difficult for the lay mind to interpret the text of the Anglo-Japanese Alliance other than as Viscount Ishii did in the speech referred to. The Anglo-Japanese offensive and defensive alliance set forth that the two governments were interested in maintaining "the independence and territorial integrity of the Empire of China and the Empire of Korea." That pledge had already been broken by Japan and treated as "a scrap of

[1] *Vide* Associated Press report of the speech.

paper." The layman reading the Anglo-Japanese Treaty of Alliance is forced to conclude that either party was bound to come to the assistance of the other *in the event of its being attacked by two or more powers*. Only the diplomatic mind is capable of so interpreting the events of July and August, 1914, as to make it appear that Great Britain, Japan's ally, had been so "attacked." Nevertheless the Imperial Rescript declaring war and the speeches and statements of Count Okuma made it appear that the Anglo-Japanese Alliance was the only reason for Japan's entrance into the war. Certain it is that the British Foreign Office had urged that action upon Japan.

Why any friend of Japan should see in her course of action anything like an honorable fulfilment of a solemn obligation it is difficult to discern. If she was bound to enter the war on the side of her ally, automatically, then her ultimatum to Germany on August 15, 1914, was a piece of treachery. Why an "ultimatum" at all if Japan had no choice? Why offer terms the fulfilment of which by Germany would have kept her out of the war despite the treaty? Japan demanded that Germany withdraw her ships from Chinese and Japanese waters and surrender Kiaochau with a view to its eventual restoration to China, and allowed one week for reply. By all the laws of nations and by every moral code, had Germany agreed to these demands and proceeded to fulfil them Japan would have to stay out of the war or find some other pretext for entering it. As the record stands, then, if the Anglo-Japanese Alliance did obligate her to enter

the war as England's ally, Japan was willing to repudiate that obligation for a consideration. If it did not so obligate her, then her real motives for entering the war were not those which she avowed.

The plain and unvarnished truth is that Japan was very little influenced by the treaty with Great Britain. She had already flagrantly violated it in connection with Korea. Her ultimatum to Germany shows that a price would have kept her from joining with her ally. Japan was actuated by two motives, revenge and aggrandizement. The terminology of her ultimatum to Germany was obviously suggested by a rankling memory of the note presented to her by the German Minister at Tokio in April, 1895. Just as she had bided her time and then settled the score with Russia, so she had bided her time and was now about to settle with Germany, the worst offender of all. It was a very human motive.

Her other motive was less sentimental, even though it was shot through with an exaggerated national pride, a passionate Pan-Nipponism, an Asiatic parallel to Pan-Germanism. In the first place, she wanted the leased territory of Germany in China, the Shantung Peninsula. She also wanted the South Pacific islands belonging to Germany. From the point of view of Japanese imperialism it was most important that none of the Entente nations should be permitted to displace Germany, either at Shantung or in the Marshall and Caroline islands. These latter were and are practically worthless for purposes of

colonization. Germany had, indeed, called them "colonies," but that was a misnomer. The total population of both groups at the opening of the war was only about 26,000 and the European population less than 250.

These figures show clearly enough that it was not for purposes of colonization that Japan wanted the islands. They at least offered no relief from overcrowding in Japan. As a matter of fact, Japan wanted them for the same reasons as led Germany to acquire them, namely, for strategical purposes and for the economic value of the great deposits of potash. The islands possess a very considerable value as naval bases and wireless stations. Their deposits of potash are large and Japan is a great consumer of phosphates, for which she has largely depended upon Germany. The poor quality of much of her soil makes high fertilization necessary for profitable rice-culture. The islands are also rich in copra and other tropical products.

The Japanese imperialists wanted Shantung and the South Pacific islands. They realized perfectly well that in a short time these would be taken by the British navy and in all probability become British holdings. This Japan wanted to prevent. It was no part of the Japanese scheme to sit back and watch Great Britain increase her hold upon China and the Pacific. In reality, her entrance into the war on the side of the Entente Allies was a shrewd move against the principal Entente nation. Her plan and purpose was to take possession of the German holdings in China and the Pacific before they could be taken by

Great Britain. It was a policy subtly directed against England as well as Germany. It was, moreover, part of a well-conceived plan to increase Japanese control of China, as subsequent events proved. The demand made upon Germany to deliver the territory of Kiaochau to Japan, "with a view to the eventual restoration of the same to China," scarcely veiled the real purpose of Japan, which was annexation.

It is very well known that at the outbreak of the war China tried hard to protect herself against being drawn into the conflict. President Yuan seemed from the first to realize that, owing to Japan's well-known policy of "fishing in troubled waters," China had every reason to fear her neighbor. He proposed, therefore, that all the territories in China leased to belligerent nations should be declared neutralized and placed, for the duration of the war, under China's control. Under this arrangement, the British-leased territories, Kowloon and Wei-hai-wei, would have been neutralized as well as Kiaochau. Because Japan was then a neutral, China sought her "friendly offices" as well as those of the United States of America. Yet, as all the world knows, Japan opposed the plan and defeated it. The terms of the Japanese ultimatum to Germany show that she was determined that, instead of China controlling her own national domain, that control, throughout the German-leased territory, should be exercised by Japan. In point of fact, her ultimatum virtually asserted a suzerainty over China.

President Yuan's next step was to propose a

plan for limiting military operations against Tsingtau to the leased territory of Kiaochau. In this Yuan failed, again owing to Japan. The reason for Japan's opposition appeared later on when, in the Tsingtau expedition, Japan actually spread her troops over a wide region outside the German-leased territory and seized the Tsingtau-Tsinan railway. As a final effort, President Yuan proposed that China should join the Entente Allies in declaring war against Germany, that with such forces as she could command she should join in expelling the Germans from the Kiaochau territory, being assisted by Japan and other Allies who should withdraw as soon as the Germans were expelled, leaving China in control of her original domain. It was also provided that any military measures to be taken in China outside of the German-leased territory should be by Chinese troops only. This proposal was first made in the middle of August to the British Minister at Peking, Sir John Jordan. It was rejected, doubtless at the instigation of Japan.

In August, 1915, President Yuan again proposed that China should enter the war on the side of the Entente Allies upon certain conditions. These were (1) that the Allies would agree to protect China against any attempted German reprisals later on; (2) that the German leasehold and German concessions in China should revert to China; (3) that the Allied governments would agree to hand over to China revolutionary plotters who were operating against China from the safe shelter of the foreign settlements in China. Japan again

blocked this effort, which might have brought an end to the war so much earlier than was the case. It is a fact that in November, 1915, the British, French, and Russian Ministers at Tokio called upon the Japanese Foreign Minister, Viscount Ishii, to formally request on behalf of their governments that Japan join in inviting China to enter the war. Viscount Ishii demurred and protested that "Japan could not regard with equanimity the organization of an efficient Chinese army such as would be required for her active participation in the war, *nor could Japan fail to regard with uneasiness a liberation of the economic activities of a nation of 400,000,000 people.*"

It will be seen that throughout the first fifteen months Japan set her own imperialistic interests above the Allied cause and that she virtually dominated the Entente so far as its policies were concerned with the Far East. When, on August 14, 1917, influenced by the United States, China entered the war it was in the face of Japanese opposition. This is the fact, notwithstanding official statements of the Japanese government which practically attributed China's action to the persuasion of Japan. Chinese statesmen and publicists were not very enthusiastic about entering the war in the summer of 1917, when the military situation was so discouraging. America had not yet developed any military force, and it was by no means certain that she could do so in time. The Chinese were morally certain that there existed secret agreements between Japan and England, Russia and France, whereby the three great Entente

powers were pledged to uphold Japan in her designs upon China and acknowledging her paramountcy there. Only her confidence that the United States would disavow such agreements and champion Chinese independence and sovereignty induced China to enter the war at last.

As a matter of fact, Japan would greatly have preferred China to have entered the war, if at all, *on the other side.* That would have given her a splendid pretext for occupying China. There was indeed much pro-German, or rather anti-Entente, sentiment in China, carefully fostered, there is every reason to believe, by Japanese agents. There is no doubt at all that Japanese agents, plentifully supplied with money, had instigated no small part of the unrest in China in the period between China's severance of diplomatic relations with Germany and her declaration of war six months later.

We know now that as soon as it became apparent that China was drifting on toward war on the side of the Allies Japan tried to get assurances from England, France, and Russia that in return for the withdrawal of her opposition to China's entrance into the war they would uphold her claims to Shantung and the South Pacific islands and acknowledge her special interest in China. This request was made also of the United States government, and in February, 1917, the Japanese Ambassador at Washington told Secretary of State Lansing that his predecessor, Secretary W. J. Bryan, had actually given such a promise! We know, thanks to the publication of Russia's secret

diplomatic correspondence by the Bolshevist government, that negotiations for such an agreement by Russia were proceeding when the Russian Revolution took place. On the 8th of February, 1917, M. Krupensky, Russian Ambassador at Tokio, wrote to the Russian Foreign Office an account of a conversation with Baron Motono, the Japanese Minister of Foreign Affairs, in which the following passages occur:

> The minister pointed out the necessity for him, in view of the attitude of Japanese public opinion on the subject, *as well as with a view to safeguard Japan's position at the future peace conference, if China should be admitted to it, of securing the support of the Allied powers to the desires of Japan in respect of Shantung and the Pacific islands.* These desires are for the succession to all the rights and privileges hitherto possessed by Germany in the Shantung province and for the acquisition of the islands to the north of the equator which are now occupied by the Japanese.
>
> Motono plainly told me that the Japanese government would like to receive at once the promise of the Imperial government to support the above desires of Japan. In order to give a push to the highly important question of a break between China and Germany, *I regard it as very desirable that the Japanese should be given the promise they ask. This the more so as, so far as can be seen here, the relations between Great Britain and Japan have of late been such as to justify a surmise that the Japanese aspirations would not meet with any objections on the part of the London Cabinet.*[1]

IV

Before leaving the subject of the subjection of China by Japan it is necessary to go back to

[1] For the full text as published by the Bolshevist government, see Appendix D at the end of this volume.

August, 1914, and review the development of Japanese relations with China during the period of the international negotiations above described. As we have already seen, Japan on entering the war professed that she only wanted to take Kiaochau from Germany in order to give it back to China, from which it had been wrested. On the very day of the Japanese ultimatum to Germany Count Okuma sent a telegram to the American press in which he said, "Japan has no territorial ambitions and hopes to stand as the protector of the peace in the Orient." On August 24, 1914, Count Okuma telegraphed to *The New York Independent* as follows:

> As Premier of Japan, I have stated and I now state to the people of America and of the world that Japan has no ulterior motive, *no desire to secure more territory, no thought of depriving China or other peoples of anything which they now possess.* My government and my people have given their pledge, which will be as honorably kept as Japan always keeps promises.[1]

In December, Baron Kato, Minister of Foreign Affairs, was asked in the Japanese Parliament if Kiaochau would be returned to China, and replied that the question was unanswerable and that *Japan had never committed herself to return Kiaochau to China:*

On January 18, 1915, the Japanese Minister at Peking, Mr. Hioki, served upon China the infamous Twenty-one Demands, demanding hasty compliance and absolute secrecy. On several occasions efforts were made to force China to a decision and

[1] Italics mine.—J. S.

frequent warnings were given to keep the entire matter secret. When articles appeared in the newspapers to the effect that such demands had been presented to China by Japan the Japanese government made official, categorical denial. Japanese diplomatic representatives everywhere were ordered to make similar denials on behalf of their government, and when the Ministers of various governments at Peking made official inquiries of the Japanese Minister there he positively denied that any demands whatever had been made on China by Japan. Then, after copies of the demands had been furnished to the representatives of the various foreign governments by China, the Japanese government coolly denied the authenticity of the Twenty-one Demands, but admitted that she had made demands, eleven in number, which she published with a show of virtuous indignation.

Now, what were the things aimed at by Japan? The following summary by Professor Wheeler, of Hangchow College, is as fair and concise as any that has been made:

> First, to succeed Germany in its position and possessions in Shantung; second, to consolidate the Manchurian territory won in the war with Russia and to add to it a part of Mongolia; third, to gain a controlling share in the iron output of China; fourth, to secure the military safety of Japan by rendering impossible the lease of any of China's ports or coastal islands; fifth, if possible, to enter into such close economic, military, and political relations with China as to make it, with all its vast resources, tributary to Japan.[1]

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[1] R. W. Wheeler, *China and the World War*, p. 11.

The Twenty-one Demands were grouped into five groups. The first group related to Shantung, the second to southern Manchuria and eastern Mongolia, the third to a proposed agreement between Japan and the Hanyehping Company, the fourth to the non-alienation by China, through leases or cessions of coastal territory, and the fifth—the most objectionable of all—to various matters of internal administration of such a character that compliance with them would have been equivalent to a total abandonment of her sovereignty by China.[1]

On April 26th Japan presented a revised list of demands, twenty-four in number, modified in form, but not essentially different from the original demands. At the same time China was informed that Kiaochau would be returned to China only upon condition that the Japanese demands were accepted. On May 1, 1915, the Chinese Minister of Foreign Affairs presented a reply making substantial concessions, but urging modification of the terms. On May 7th Japan presented an ultimatum, demanding complete acceptance of all the demands in the first four groups and a continuance of negotiations concerning the fifth group. China was given forty-eight hours in which to decide. The ultimatum ended in these words, "It is hereby declared that if no satisfactory reply is received before or at the designated time, the Imperial government will take steps they may deem necessary."

With regard to Kiaochau the ultimatum de-

[1] The full text of the Twenty-one Demands is given in Appendix E.

clared, "From the commercial and military points of view Kiaochau is an important place, in the acquisition of which the Japanese Empire has sacrificed much blood and money, and, after the acquisition, *the empire incurs no obligation to restore it to China*." [1] On May 8th China, intimidated by an unmistakable show of force, accepted the inevitable and a week later signed the agreement which Japan dictated. Thanks to the open intervention of the United States of America and, it is believed, Great Britain's friendly remonstrances, the fifth group of Japan's demands was dropped and China retained at least something approaching sovereignty. The outcome of the whole infamous business was that Japan had, through almost unparalleled treachery to her allies, greatly extended her power over China and become the mistress of Asia. Doctor Hornbeck thus sums up her achievements:

> Whatever her intentions, Japan has accomplished in regard to China at least five things: she has consolidated her own position in her northern sphere of influence, Manchuria; she has driven the Germans out of their former sphere of influence, Shantung, and has constituted herself successor to Germany's rights; she has given warning that she considers Fukien Province an exclusive sphere for Japanese influence; she has undertaken to invade the British sphere of influence; and she stands in a position to menace and to dictate to the Peking government. A glance at the map of North China will show how completely Peking is at Japan's mercy. In control of Port Arthur and of the Shantung Peninsula, Japan commands the entrance to the Gulf of Pechili, which is the doorway by sea to Tien-tsin and Newchwang. In possession of Tsing-tao,

[1] Italics mine. THE AUTHOR.

Darien, and (virtually) of Antung and Newchwang, Japan thus commands every important port and harbor of the Yangtse. With the Manchurian railways penetrating the heart of Manchuria and the Shantung Railway extending to the heart of Shantung—and with the right to extend the latter line to join the Peking-Hankow line—Japan is in a position, should she so choose, at any moment to grind Peking between the millstones of her military machine. So far as strategy is concerned, Japan has North China commercially, militarily, and politically at her mercy.[1]

On November 2, 1917, the famous Lansing-Ishii agreement was signed at Washington. By the terms of that agreement "the government of the United States recognizes that Japan has special interests in China, particularly in that part to which her possessions are contiguous." At the same time it is stated that, "The territorial sovereignty of China, nevertheless, remains unimpaired, and the government of the United States has every confidence in the repeated assurances of the Imperial Japanese government that, while geographical position gives Japan such special interests, they have no desire to discriminate against the trade of other nations or to disregard the commercial rights heretofore granted by China in treaties with other powers." Finally, Japan was once more bound to the "open-door" policy, both governments agreeing to "always adhere to the principle of the so-called 'open door,' or equal opportunity for commerce and industry in China."

On the part of the United States the Lansing-Ishii agreement represented extreme friendliness to China. The "open-door" policy, honorably

[1] S. K. Hornbeck, *Contemporary Politics in the Far East*, p. 346.

observed, would protect her from that economic vassalage and political subjection which Japan had attempted to force upon her, especially in the fifth group of the famous Twenty-one Demands. On the other hand, the recognition by the United States "that Japan has special interests in China" was a most unfortunate surrender to Japanese diplomacy. By "special interests in China" Japan means, and has again and again forced China to recognize that she means, something far more serious than mere special concern and interest arising from geographical proximity, as suggested by the phrase in the agreement "territorial propinquity creates special relations between countries." Japan had been contending all along, and now claims the sanction of the Lansing-Ishii agreement for the contention, that she has a preferential position in China practically amounting to a suzerainty over her. It is quite safe to assert that China, had she been consulted, would not have given willing consent to the recognition of Japan's "special interests" in this sense.

Among the diplomatic documents published by the Bolsheviki after the Bolshevist *coup d'état* in Russia is some confidential correspondence from the Russian Ambassador at Tokio to the Russian Foreign Office, from which we may gather an inside view of the sinister diplomacy of Japan at this time. Writing on October 22, 1917, of the Lansing-Ishii negotiations, the Russian Ambassador said: "The Japanese are manifesting more and more clearly a tendency to interpret the special position of Japan in China, *inter alia*, in the sense

that *other powers must not undertake* in China any political steps without previously *exchanging views with Japan on the subject*—a condition that would to some extent *establish a Japanese control over the foreign affairs of China.* On the other hand, *the Japanese government does not attach great importance to its recognition of the principle of the open door and the integrity of China,* regarding it as merely a repetition of the assurances repeatedly given by it earlier to other powers and implying no new restrictions for the Japanese policy in China. . . . The Minister for Foreign Affairs again confirmed to-day in conversation with me that in the negotiations by Viscount Ishii the question at issue is not some special concession to Japan in these or other parts of China, *but Japan's* special position in China as a whole." On November 1, 1917, he wrote again to the Foreign Office, "I gain the impression from the words of the Minister (Viscount Motono) that he is conscious of the possibility of misunderstandings also in the future, *but is of opinion that in such a case Japan would have better means at her disposal for carrying into effect her interpretation than the United States.*" [1]

The "open-door" policy in China is generally associated with the name of Secretary Hay, who used the phrase in the ultimatum to Spain on November 21, 1898. The principle was, however, quite clearly implied in the first treaty of Great Britain with China in 1842, and in general British policy in China has been based on that principle of equal opportunity. It was also favored by

[1] Italics are mine.—THE AUTHOR.

Anson Burlingame, the first American Minister to China, and dominated practically all our subsequent relations with the Chinese Empire.[1] Even in the "spheres of interest" into which China was divided this principle was maintained by agreements between the great powers, Russia alone making certain reservations regarding her vast Chinese holdings. Russia nominally recognized China's sovereignty, but in practice ignored it. By the Treaty of Portsmouth she recognized Japan's "paramount political, military, and economic interests in Korea," and, it must be understood, accepted the Japanese interpretation of "paramount interests." In 1913 Russia attempted to establish a protectorate over outer Mongolia and did force China to grant her practically an exclusive political and economic control there.

V

After the Russo-Japanese War both Russia and Japan flouted the "open-door" agreements and asserted exclusive privileges and rights in China. There was a quick resumption of amicable relations between the two governments, whose conflicting interests and rivalry never could hide from serious students of the great conflicts in the Far East the fact that they were very closely related. The principles upon which both these bureaucracies rested were essentially the same, though the Japanese bureaucracy was far superior to the Russian in efficiency and patriotism.

[1] Wheeler, *op. cit.*, pp. 102*n*–103*n*.

By the Treaty of Portsmouth Japan acquired from Russia the southern section of the Manchurian Railway, from Port Arthur to Kwangchengtse, together with all rights appertaining thereto, including the coal-mines in the region which belonged to or were operated in connection with the railway. It was also provided in the treaty that both Japan and Russia should engage to develop and use their railways in Manchuria "exclusively for commercial and industrial purposes and in no wise for strategic purposes." There was a period of two years—until March, 1907—allowed for evacuation, so that the two nations, Japan and Russia, were thus given the right to two years' military administration of Manchuria. During this period both nations violated the "open-door" policy and their pledges to respect the "integrity of China."

In this period, also, the governments of Russia and Japan undoubtedly grew closer together, as the agreement which they signed on July 30, 1907, amply proves. That was the beginning of a period of close co-operation between the two nations in pursuit of a policy which had for its aim the division of Manchuria between themselves, the effective exclusion of other nations from that vast and profitable field, and mutual support and defense against any possible interference. The Convention of July 30, 1907, was quite inoffensive. The secret agreements of 1910 and 1912 bound the two nations still closer. On July 3, 1916, the famous Secret Treaty was signed and the event was hailed with great rejoicing in Japanese circles. A version

of this treaty published in the press of the two countries at the time is now known to have been a piece of deception. This published version read as follows:

> The Imperial Russian government and the Imperial Japanese government, having decided to unite their efforts for the maintenance of peace in the Far East, agree as follows:
>
> ARTICLE 1. Russia will not participate in any agreement or political combination directed against Japan, and Japan will not participate in any agreement or political combination directed against Russia.
>
> ARTICLE 2. In the event of any menace to territorial rights or any special interests in the Far East of any of the two contracting parties, recognized by the other contracting party, Russia and Japan shall come to an agreement concerning the measures which they will undertake to give each other aid and co-operation for the preservation and defense of the aforesaid rights and interests.
>
> In testimony whereof the undersigned plenipotentiaries have signed this convention in the name of their respective governments and have fixed their seals.
>
> Done in Petrograd, June 20 (July 3d), 1916, which corresponds to the third day of the seventh month of the fifth year of Taicio.
>
> [Signed] SAZONOV (M.P.).
> MOTONO (M.P.).

Even in the form in which it was published this treaty gave great anxiety to the nations most directly concerned. It was quite evident that Japan and Russia had agreed to share the domination of China and that the treaty was really a piece of belligerent imperialism. It was not against China that they were joining hands, for neither nation was in any more danger from China than from Santo Domingo. It was not until after the

Bolsheviki published the diplomatic documents of the old régime that the world learned the real nature of the treaty entered into by Japan and Russia in secrecy, behind the backs of their allies, and hidden by a cunning trick. The secret treaty read:

RUSSO-JAPANESE TREATY

The Russian Imperial government and the Japanese Imperial government, aiming to strengthen the firm friendship between them, established through the secret agreements of July 17–30, 1907, June 21, July 4, 1910, and June 25, July 8, 1912, have agreed to supplement the aforesaid secret agreements with the following articles:

ARTICLE 1

Both the high contracting parties recognize that the vital interests of one and the other of them require the *safeguarding of China from the political domination of any third Power whatsoever*, having hostile designs against Russia, or Japan: and therefore mutually obligate themselves, in the future at all times when circumstances demand, to enter into open-hearted dealings, based on complete trust, in order to take necessary measures with the object of preventing the possibility of occurrence of said state of affairs.

ARTICLE 2

In the event, in consequence of measures taken by mutual consent of Russia and Japan, on the basis of the preceding article, a declaration of war is made by any third power, contemplated by Article 1 of this agreement, against one of the contracting parties, the other party, at the first demand of its ally, must come to its aid. Each of the high contracting parties herewith covenants, in the event such a condition arises, not to conclude peace with the common enemy, without preliminary consent therefor from its ally.

ARTICLE 3

The conditions under which each of the high contracting parties will lend armed assistance to the other side, by virtue of the preceding article, as well as the means by which such assistance shall be accomplished, must be determined in common by the corresponding authorities of one and the other contracting parties.

ARTICLE 4

It is requisite to have in view that neither one nor the other of the high contracting parties must consider itself bound by Article 2 of this agreement to lend armed aid to its ally, unless it be given guaranties by its allies that the latter will give it assistance corresponding in character to the importance of the approaching conflict.

ARTICLE 5

The present agreement shall have force from the time of its execution, and shall continue to be in force until July 1–14, of the year 1921.

In the event the other of the high contracting parties does not deem it necessary twelve months prior to the end of said period to declare its unwillingness to continue the present agreement in force, then the said agreement shall continue in force for a period of one year after the declaration of one of the contracting parties disclaiming the said agreement.

ARTICLE 6

The present agreement *must remain profoundly secret except to both of the high contracting parties.*

In witness whereof the persons invested with full power by both parties have signed and affixed their seals to the present agreement at Petrograd on the 20th of June–July 3, of the year 1916, which corresponds in the Japanese calendar to the third day of the seventh month of the fifth year of the reign of Tais.

[Signatures]

SAZONOFF.

MOTONO.

Had it not been for the war in progress at the time it would have been natural to believe that the third power against which this treaty was directed was Germany. In the circumstances, Russia and Japan being already allied with Great Britain, France, Italy, and other smaller nations against Germany, that obviously is not a tenable theory. Against what other power was this secret treaty directed, then? What power would be likely to attempt anything suggestive of a "political domination" of China? Certainly not France or Italy in any conceivable turn of events. England, alone of the great European powers, because of her vast interests and possessions in Asia, in certain circumstances, might be led to attempt such a domination of China. She could not, however, make any effort in that direction while still engaged in the deadly struggle with Germany, nor, in the best circumstances conceivable, for a long time afterward. These facts alone would seem to preclude any rational belief that Great Britain was the nation feared by Japan. Moreover, Japan and Great Britain were already allied by the Anglo-Japanese Alliance, and at the same time as the treaty was made with Russia Japan had negotiated, or was negotiating, a secret treaty with Great Britain which gave to Japan the German possessions in the Pacific Ocean. It is almost impossible to contest the conclusion that the "third power" referred to in the Russo-Japanese Treaty, and against which that secret agreement was directed, was the United States of America.[1]

[1] See Millard, *op. cit.*, p. 67.

Not only was the friendship of America for China well known, but it was also well known that this friendship was likely to become a matter of practical importance, owing to the naval program of that year.

If this conclusion is to be accepted at all, it can only be accepted upon the hypothesis that the Russian diplomats had been tricked by Japan into a false position. Certainly no one who knows anything of Russian political affairs can believe that Russia, even under the old régime, had any hostile intention toward the United States of America. Bad as the bureaucracy was, it was still Russian. However incompetent and corrupt it might be, it was never guilty of harboring evil designs against the nation which Russians of every class regarded with particular friendliness and trust. There was no likelihood of Russia's foreign policy involving her in trouble with America such as Japan has had constantly to face. If the treaty was directed against the United States of America, Russian diplomacy was undoubtedly the victim of Japanese cunning. In this connection it should be said that there is good reason for believing that even the text of the secret treaty published by the Bolsheviki does not tell the whole story; that there was yet another secret agreement concluded at the same time. Such authorities on Russo-Japanese affairs as Dr. S. G. Eliseyev, of the University of Petrograd, and Prof. N. M. Popov, lecturer on the Japanese language in the Petrograd Academy of Eastern Languages, have collated a voluminous mass of evidence to show

that there was another agreement by which Russia conceded to Japan part of the branch of the Manchurian Railway from Sungari to Kuan-Chen-Tzei, a stretch of 107 miles, for a payment of 70,000,000 yen. Other valuable economic concessions made to Japan, according to the same authorities, were the right of Japanese to settle in eastern Siberia and to engage in trades, industry, and commerce; the right of shipping on the Sungari; the extension of the rights of the Japanese in the fisheries of the Amur, northern Saghalien, and the Maritime Province.

When the Lansing-Ishii agreement was signed on November 2, 1917, the secret agreements made in February and March of that year between Japan and the British, French, Russian,[1] and Italian governments, giving to Japan the German rights in Shantung, can hardly have been known to the American government. On the other hand, it can hardly be believed that the agreements referred to remained a profound secret to our Department of State throughout the war and became known only at Versailles.

Whatever the facts as to that may be, Japan triumphed, and in the Treaty of Versailles it is written, "Germany renounces, in favor of Japan, all her rights, titles, and privileges—particularly those concerning the territory of Kiaochau, railways, mines, and submarine cables—which she acquired in virtue of the treaty concluded by her with China on March 6, 1898, and of all other arrangements relative to the province of Shantung."

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[1] See pp. 236–237. The Revolution prevented the formal ratification by Russia of the agreement which had been actually made.

VI

So much has been written about the "Shantung Question" that it is not necessary to do more in this study than sketch the main outlines of the political, military, and economic gains accruing to Japan under the Treaty of Versailles. At the outset we must fix well in our minds the fact that Japan already possessed, by "lease," Port Arthur and Dalny, giving her control and mastery of the Gulf of Pechili, as a glance at the map will show. By possessing Kiaochau Bay she is enabled to cut the communication between Peking and Shanghai on the sea, and thus to throttle at a moment's notice almost the life of a vast and vitally important area of China. Moreover, as the Gulf of Pechili borders Shantung on the north and Kiaochau Bay leads to its very heart, it is quite evident that the whole Shantung Province, and not merely the former German concession, becomes subject to Japan's mercy. Thus Japan not only gets rid of a powerful and dangerous rival, Germany, whose establishment at Kiaochau was always a potential menace to her control of the Gulf of Pechili, but she also, at the same time, greatly weakens China's power of self-defense and adds to her economic mastery of China. Kiaochau Bay has the only ice-free harbor and port on the Yellow Sea left to China free from foreign control, all the others being possessed by foreign nations. The Shantung Settlement therefore took from China her only chance to maintain a naval base on the Yellow Sea for her coast defense.

It is quite evident, therefore, that by acquiring the territorial "leasehold" of Germany Japan really acquired a great deal more than the two hundred square miles of territory which Germany had forced from China, and strategic advantages far greater than Germany had possessed through holding that territory. The union of the military and economic advantages of the German "leasehold" at Kiaochau united to those of Japan on the Gulf of Pechili obviously results in a very great increase of Japan's power over China and, it must not be forgotten, of her power to realize the great imperial vision of becoming the ruler of continental Asia.

It is notoriously well known that from the moment of her occupation of the Kiaochau territory Japan has energetically pursued a policy of economic interpenetration with regard to the rest of the Shantung Province. She violated Chinese sovereignty by establishing Japanese administration outside of the leased territory. At first the pretext of "military necessity" was used and the administration was by military agencies.[1] Later on Japanese civil administration was substituted. By the use of force and terrorism the Chinese were compelled to sell their lands to Japanese buyers. Even though the Chinese landowner did not want to sell at all, he was compelled to sell to Japanese buyers, whose demands were backed up by the Japanese military authorities. This was done especially in the case of mining lands. All sorts

[1] Memorial published by the Shantung People's Association, November, 1917.

of enterprises, subsidized by the Japanese government, were established, despite the fact that they could not possibly be profitably carried on, the object being to "colonize" and "permeate" not the leased territory alone, but the whole province.[1]

An enormous trade in morphia has been carried on with the direct approval and support of the Japanese government Notwithstanding the fact that Japan is signatory to the agreement which forbids the importation of morphia into China or of the means of manufacturing it, this diabolical trade has been carried on to a most astonishing extent under the direction of the Bank of Japan. Tsingtao, the Kiaochau port, is the chief center of a trade amounting to tens of millions of yen annually. A sinister light is thus thrown upon Japan's insistence in the "Agreement" of 1915 that the important Chinese customs offices should be principally directed by Japanese officials. All through Manchuria, as well as the Shantung Province, Japanese drug dealers and peddlers freely sell morphia with impunity, protected by the Japanese authorities.[2] The exposures of this business by various foreign newspapers published in China and Japan, by religious and civic bodies in Shantung, and the reports made to various foreign governments—including our own—by their resident officials, led the Japanese government to deny complicity in or responsibility for the illicit morphia trade. The fact remains, however, that the trade

[1] *See Millard's Review*, January 18, 1919.

[2] This whole nefarious trade was exhaustively exposed in *The North China Daily News*, Shanghai, in December, 1918.

is carried on by Japanese capital, by Japanese agents, through Japanese channels, protected by Japanese officials.

The Japanese make much of the fact that they have pledged themselves to return the Kiaochau territory to China. Assuming that they fulfil that pledge, it is quite evident from the agreements of 1915 and 1918, which were signed by China under duress, that the Chinese are right in saying, "Japan will keep the oyster and return to us only the shell." Japan will retain practical sovereignty over, and complete economic mastery of, the Shantung Province with its 56,000 square miles of territory and its population of nearly 40,000,000.[1] The conditions for the "return" of Kiaochau to China include the stipulation that there is to be a permanent Japanese settlement to be designated by the Japanese government. This is to be at Tsingtau, the port of Kiaochau Bay, and the entrance to the entire Province of Shantung. The Japanese will thus have all the port facilities and the greater part of the town. Furthermore, Japan will have, under the terms of the agreement of 1918 approved by the Treaty of Versailles, control of the railway system of Shantung and of practically all the mines.

The Kiaochau-Tsinan Railway, which now falls to Japan, was used by Germany to draw almost the entire trade of Shantung to Kiaochau and made Tsingtau the most important port in the Orient for German trade. The commodities shipped in through Tsingtao in 1912 were valued at over

[1] The Encyclopædia Britannica gives it as 37,500,000.

$45,000,000. In 1913 this rose to $49,000,000. In that year the Kiaochau-Tsinan Railway carried over a million passengers and 900,000 tons of freight. The receipts in 1912 were $2,400,000 and the expenditures $1,000,000.[1] Japan not only gets this railway, but also the right to construct the Tsinan-Shunteh line, which will extend her economic and military influence right into the heart of China, and the line from Kaomi to Hsuchow, a distance of 334 miles, which will extend that influence southward to Kiangsu. Japan is thus given control of two of the three principal ways of communication which China has, namely, the sea and the Tientsin-Pukow line of railway. She is also placed in a position to menace and strike at the third way, the railroad between Peking and the Yangtse Valley.

The strangle-hold which Japan has upon the railway system is not more complete than her hold upon the mining industry of the entire Shantung Province. She not only took the privately owned German mines, but also the mining rights which, a considerable time before the war, the Germans formally surrendered back to China.[2] She acquired, by methods already indicated, most of the mining lands of the province, and Japanese companies are working the mines at Poshan, Weishien, Hungsan, and Fangtse. The terms upon which Kiaochau is to be returned to China include the

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[1] These figures are given by [illegible]
[illegible]
[2] [illegible]

monopolization by Japan of the rich mining rights of Shantung. How important these are is indicated by the following figures of coal output, which, it should be remembered, represent a very undeveloped state of the mines:[1]

Coal Mines at	*Yearly Output Tons*	*Year*
Poshan	414,000	1913
Weishien	199,000	1913
Hungsan	410,000	1914
Fangtse	200,000	1914
Yihsien	198,000	1914
Tawenkow	72,000	1914
Ichow	30,000	1914
Total	1,523,000	

In addition to coal, there are the great iron-ore deposits at Clinlinchen, the rich ore yielding 66.4 per cent. of iron, and the gold-mines at Fengkai and Kiaochau. It will be seen that the mining rights which Japan has acquired are of enormous value and will go far toward supplying her with the coal and iron she needs. For while Japan produces a considerable quantity of coal, it is of poor quality and cannot be used for coke, which is essential to the manufacture of steel. As to iron, the amount produced in Japan is pitifully small as compared with the amount used. The total iron-ore production of Japan and Korea combined amounted, in 1917, to something like 324,000 tons, representing a pig-iron equivalent of 160,000 tons. In the same year the pig-iron and steel used by

[1] *Christian Science Monitor*, September 17, 1919.

Japan amounted to 1,300,000 tons. When we note the enormous deficiency of 1,140,000 tons, in a total of 1,300,000 tons used, we see at once the incentive of Japan's policy of securing by any means available, whether foul or fair, a monopoly of the Shantung mines.[1] To possess the great sources of iron and coal in China "untrammeled by the obstacles of China's domestic and foreign politics" has been the aim of Japanese statesmen during the past quarter of a century.

In Shantung, as in Manchuria, Japan has pursued a policy of aggressive economic imperialism which surpasses even the economic imperialism of Germany. Neither in Russia nor in China did Germany ever go so far as Japan has gone in her subjection of China. Germany systematically corrupted the Russian bureaucracy, but her work in that direction did not even approach that of Japan in China. Both in Russia and in China Germany resorted to trade methods which were ruthless, unfair, and dishonest, as we have seen in an earlier chapter. There is nothing in Germany's record, bad as that is, which parallels Japan's use of the parcel-post system, which she controls, to send merchandise into China, evading the heavy customs duties, and so enabling her merchants to drive their European and American competitors from the field. The following account of this method is quite typical and could easily be supported by the testimony of many other observers. Mr.

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[1] See "Japan's Economic Interests in Shantung," by K. K. Kawakami, *Asia*, September, 1919, pp. 903–906. Also the same writer's *Japan and World Peace*, Chapter X.

Charles Hodges, a well-known authority on the Far East, says:

> The Chinese Maritime Customs is an organization for the collection of import and export duties built up with a foreign and Chinese personnel, functioning at all the treaty ports. In the case of Manchuria, it was notorious that at the close of the Russo-Japanese War in 1905 Japanese business had secured an inestimable grip on a disorganized market, because goods went forward for distribution as "military stores." Not only were the customs thus evaded, but foreign merchants were unable to get into the markets at all.
>
> When I was in Shantung I found that the Japanese military administration was again using this scheme to introduce Japanese goods into the markets of this great Chinese province. American and other products were forced to pay duty, while the Japanese in many instances were merely merchandizing Manchuria from so-called military supplies. When I went northward into Manchuria I found that Japan was using her parcel-post system to evade the Chinese customs. I saw vans from the Japanese post-office go up to the retail stores of Mukden and unload Japanese goods which could not be touched by the Chinese authorities because of the Japanese postal system, which is being steadily extended throughout China. It is true that other nations have established certain post-offices, but no country has used them for the merchandizing of the markets to the prejudice of the commerce of other nations and the Chinese nation.[1]

By smuggling upon a wholesale scale, through the post-offices and through the arrangement forced upon China whereby Japanese are in control of her principal customs stations, China is robbed of an enormous amount of revenue and Japanese commerce flourishes at the expense of other nations. Preferential shipping is another favorite device

[1] Quoted by *The Christian Science Monitor*, September 2, 1919.

by which Japan gains undue economic advantage and power. This has been particularly true since the World War reduced the number of British ships and gave Japan the leadership in the Pacific shipping trade. Not only do Japanese traders get priority in tonnage, lower shipping rates for their cargoes, and other special privileges, but after the goods have entered the Japanese port of Kobe, the Japanese are again privileged to such an extent that successful competition with them becomes practically impossible. The Japanese goods are forwarded without delay, but the goods of foreign merchants are held up and delayed, often for weeks, "freight congestion," "car shortage," and similar excuses being offered by the Japanese railway officials. Says Mr. Hodges again:

> Just as the Japanese have been discriminating in the matters of cargo space and promptness of delivery against their foreign competitors, so have they used their position in north China and Manchuria to hamper foreign business effectively. Japan, of course, controls the railway connection in Manchuria, south of the Russian sphere, through which the Trans-Siberian Railway makes a short cut to Vladivostok.
>
> Let us follow a shipment of goods entering Manchuria from the port of Darien. American firms have found that consignments are frequently held up at this and other ports of entry, through the connivance of Japanese officials. These goods may be delayed by some matter concerning their entry, or by the alleged inability of the South Manchuria Railroad to supply cars.
>
> American firms, as well as British and other foreign houses, have repeatedly complained that they cannot get shipment of their goods northward while their Japanese competitors are securing all the cars necessary in a competing business. Empties may be lying along the siding in the Mukden yards

while foreign business is clamoring to secure rolling-stock. Although one has great difficulty in securing the documentary evidence regarding railway rebating in favor of the Japanese shippers, investigation in Manchuria and elsewhere convinces me that a veiled system of preferential rates working exclusively against foreign concerns is in operation.[1]

In such circumstances the "open door" in China becomes a meaningless phrase. As we have seen, Japan has more than once flagrantly violated the "open-door" agreements by insisting upon economic rights and trading privileges which violate the "principle of equal opportunities for the commerce and industry of all nations in China." Even when she outwardly seems to observe this principle, which she has repeatedly pledged herself to uphold, by methods such as those described, she has set it aside and pursued a policy quite contrary to it.

VII

The story of Japan's aggression in China, of which the foregoing is only a bare outline, shows how fully she has earned the title "the Prussia of the Far East." Taking advantage of the World War and the preoccupation and peril of her allies, she used the most unscrupulous means of advancing her own imperialistic aim to establish her hegemony in Asia. She has succeeded to a degree which brings the world face to face with a new peril, Pan-Nipponism, which is, potentially at any rate, far more dangerous to the whole civilized world than its prototype, Pan-Germanism, ever was.

[1] *Christian Science Monitor*, August 30, 1919.

Japan has expanded into continental Asia, so that she is no longer merely an island empire. In Manchuria, northern China, and Shantung she is firmly intrenched in military and economic power. Just as Russia was in the way of being made a German colony in all but name, so China is becoming, if she has not already become, a Japanese colony in all but name, to be mercilessly exploited. By a close co-ordination of political, military, and financial functions, taught her by her German tutors, Japan has established over the political and economic life of China and her 350 millions of people a degree of control and mastery which has all the important essentials of sovereignty, China possessing only the mocking semblance of independence. She has taken the oyster and left China only the shell.

A study of the map of Asia and eastern Europe in the light of the enormous growth of Japan's power and influence since 1905, and especially since 1914, leads to the conclusion that a political reorientation is inevitable. The Japanese are already talking of "a Monroe Doctrine for Asia," and the cry "Asia for the Asiatics" is being raised from Aden to Hongkong, from Tokio to Trebizond. There is no doubt that much of this Pan-Asian agitation is stimulated by Japanese money, for very obvious reasons. Just as Mittel Europa to the Germans meant Pan-Germanism, so to the Japanese Pan-Asianism is synonymous with Pan-Nipponism. This is quite a natural consequence of Japan's unquestioned pre-eminence. Certainly there is no other nation in Asia possessing qualities

of leadership in any degree comparable to those possessed by Japan. Not for many years can any nation in Asia be expected to become effective in checking Japan.

In 1915, at the time when China was struggling against Japan's attacks upon her sovereignty and independence, in the Twenty-one Demands, a Japanese diplomat remarked, it is said, that the Demands were really part of the Great Asia program, China being the primary step.[1] Some of the Chinese revolutionists, including the "Socialist," Sun Yat-sen, espoused the policy. One of the revolutionary leaders, Tang-Shao-yi, declared that the fulfilment of India's aspirations for independence depends upon "a strong, united Sino-Japanese Alliance." [2] That Japanese money has been freely used to foment nationalist agitation in India, even during the World War, just as it was used to foster revolutionary movements in China, is commonly believed.[3] It is, as H. M. Hyndman points out,[4] one of the grim ironies of the Asiatic situation that England has had to rely for the protection of Hindustan upon Japan, the aggressive nation whose avowed mission is to lead the Far East against European influence, under the banner of "Asia for the Asiatics." Very pertinently, this great student of Asiatic affairs asks, "When she is called upon to help white men against her Asiatic brethren, what is Japan going to do?"

[1] Quoted by G. Charles Hodges, in *The League of Nations Magazine*, April, 1919, p. 252.
[2] *Idem.*

[3] This was in fact definitely reported to at least one of the Allied governments.

[4] Hyndman, *The Awakening of Asia*, pp. 272-273.

It is quite certain that no considerable advance toward the realization of the Great Asia ideals under the Japanese hegemony can be made without involving, in the most serious manner, the interests of Russia. The fact that Russia and China have a conterminous frontier for some six thousand miles would of itself insure that. The whole of southern Siberia, from the Ural Mountains to the Sea of Japan, and the northern half of Saghalien Island afford the most natural and easy opportunities for the expansion of Japanese dominion in the near future. Here is an immense territory, capable of sustaining hundreds of millions of people, richly supplied with iron, copper, coal, gold, silver, graphite, petroleum, salt, timber, and other raw materials of vital importance to an industrial nation. Saghalien, the Amur territory, and the Trans-Baikal could be brought under Japanese rule. Vladivostok is less than 450 miles from Hakhodate, less than 500 from Nügata. From Manchuria, where Japan is intrenched, the Trans-Siberian Railway can be easily attacked and cut. From Vladivostok to Khabarovsk and thence to Irkutsk, one of the richest territories anywhere in the world, Siberia is easily vulnerable now that Russia has been weakened by years of war and revolution. An invading army could practically live upon the country during the war of conquest.

That Japan is fully alive to the great opportunities for expansion in Siberia is quite certain. To add southeastern Siberia to her empire would be a tremendous step toward the fulfilment of her program of imperialist expansion and, at the same

time, a great check to the spread of European influence in Asia. It would, moreover, enable Japan to prevent Russia from ever sending troops by way of the Pacific to join with the forces of any other nation or nations.

V

JAPAN AND SIBERIA

I

AS far back as the eleventh century there were brave attempts at Russian colonization in the great land east of the Urals. The Novgorodians in quest of sables and other furs occasionally penetrated quite far into the lowlands beyond the Urals. It was not until near the end of the sixteenth century, however, that the conquest of Siberia really became a settled policy of the czars. To take the vast territory from the Urals to the Amur and the Pacific Ocean took barely eighty years. Tatars, Turks, and Chinese gave way before the Slav power. They were widely scattered over a vast territory, divided into warring tribes, and therefore unable to set up any very formidable defense against the Russian hunters and adventurers and the military forces backing them. The conquest of Siberia was effected with very little sacrifice on the part of the Russians.

By the people of western Europe and America Siberia has been known almost wholly by its sinister reputation as a great penal colony. The

popular imagination has been deeply impressed by such books as George Kennan's *Siberia and the Exile System*, so that the average man thinks of Siberia as a vast bleak and inhospitable territory to which unnumbered thousands of the best of Russia's sons and daughters were sent to a lingering death by a cruel, despotic government. We think of miserable prison-camps ruled by brutal Cossacks, ravaged by disease and famine, and of tortured exiles dying on the way, their bleached bones marking the most tragic *via dolorosa* in the history of the modern world.

This sinister reputation dates from the years immediately following the conquest of the country by Russia. To hold Siberia it was necessary to colonize it. Even before the conquest was effected, during the struggle, the Russian government had realized this necessity. When the hunters and adventurers poured into the great land beyond the Urals the government supported them by erecting forts and garrisons at strategic points. To supply the military forces with food and service peasants were settled around the military posts. The first attempts at colonizing the country were thus incidental to the establishment of military protection for the thousands of hunters and traders who, attracted by the rich furs, explored the country, made its first rude roads, and built the first houses in its bleak wilderness. It is quite natural that the government of the czars, anxious to colonize the immense territory, should send thither as many of its troublesome subjects as possible.

In the second half of the seventeenth century there were religious persecutions which took the form of exile to Siberia. The *Raskolniks*, or non-conformists, were exceedingly troublesome, and thousands of them were sent into Siberia, suffering indescribable hardships. The great protopope. Avvakum, who is still the hero of Russian non-conformists, was sent in chains to the Amur district in 1658, in the rear of an exploring party. Peter the Great had a new form of unrest and revolt to deal with in the rebellions of his *Stryeltsy*, or imperial guards. Whenever any of these gave trouble Peter the Great sent them to Siberia to the garrisons which had been established there, an exile which was greatly dreaded. Embittered by their exile, and driven almost to madness by solitude and drinking, these wretched men were soon brutalized and treated the unfortunate colonists with great savagery. Catherine II exiled the Polish Confederates to Siberia from 1768 to 1793. Nicholas I treated the Decembrists of 1825 in the same way, a hundred of the choicest souls in Russia being exiled. In 1831, under Alexander I, and in 1863, under Alexander II, the Polish insurrections were suppressed with brutal fury and thousands of Poles sent into Siberia. It is said that after the insurrection of 1863 fully fifty thousand Poles were thus exiled, many of them dying on the way.

The Socialist agitation which followed the profound disappointment of the hopes centered in the emancipation of the serfs was met as all other disturbing protests had been. Tchernyshevsky was

sent into Siberian exile in 1863, and for the next fifty years, until the very eve of the World War, thousands of revolutionists were similarly exiled. The noblest men and women of Russia were thus sent into Siberia, with the result that through their influence the level of culture attained in many Siberian villages was very much higher than in Russia. The great strength of the co-operative movement in Siberia is in large part due to that influence.

It must not be supposed that only political offenders such as those described were thus exiled. As a matter of fact, from the latter part of the eighteenth century to 1900 common-law convicts, ordinary criminals, were exiled to Siberia to a much larger number than political offenders. For many years the number of such criminals sent to Siberia exceeded an average of twenty thousand per annum. It was a common practice to sentence criminals to a definite period of hard labor in the mines or on the railways of Siberia, and then, after the expiration of the prison sentence, to treat them as exiles rather than as prisoners. This meant that they were compelled to settle in Siberian villages as permanent colonists. Partly on account of the character of the country, and partly on account of the failure of the Imperial government to make adequate provision for them, the condition of these "free" exiles was often wretched in the extreme. Thousands became wandering tramps and outlaws, striving always to make their way back to Russia.

Thus far we have considered almost exclusively

the forcible colonization of Siberia by soldiers, political offenders, and criminals. Important as these elements were, numerous as their aggregate number was, they did not equal the number of those who voluntarily settled in Siberia. Free colonization has been far more extensive than is generally recognized. In addition to the Cossacks and other military forces, and the *Yamshiks*, the special organization maintained along the postal route to supply horses, many thousands of peasants were induced by government subsidies to settle in particular places along the Amur designated by the government. This subsidized colonization was tried upon quite a large scale over a long period of time, but was not particularly successful. Much more successful was the wholly unassisted, and often illegal, colonization by people relying upon their own initiative and energy. In the years immediately preceding the Emancipation Act thousands of serfs fled from Russia into Siberia, building up villages in the most remote and inaccessible places. After the Emancipation Act thousands of freed serfs, finding life in Russia intolerable, crossed the Urals. It was not at all uncommon for the peasants of a Russian village to emigrate to Siberia *en masse*. Religious persecutions and conscription have also caused many thousands of peasants to migrate from Russia to Siberia. Between 1870 and 1905 more than two million free immigrants entered the country. Colonization by the government established important but widely scattered villages; free colonization strengthened these and linked them together.

II

Siberia is an immense country. It stretches from the Ural Mountains on the west to the Pacific Ocean on the east, a distance of about 5,500 miles, and from the Arctic Ocean on the north to the Chinese frontier on the south, a distance of about 2,700 miles. The total area is approximately 5,300,000 square miles, which is almost three-quarters of the combined area of the United States and Canada. In 1912 the population of this immense territory was estimated by the Russian census authorities as being about 10,000,000, as against 6,740,600 in 1906. According to the *Russian Year-Book*, the population on January 1, 1913, was 10,714,300. Since 1912 the population has grown more rapidly than during any similar period in its history. Many towns have doubled their population. It is believed that the present population of the country cannot be much, if at all, less than 14,000,000.[1]

This unprecedented growth is the result of immigration from Russia and Japan. The natural rate of increase of population is very slow, not exceeding eight per thousand annually. This is due mainly to the fact that the birth-rate is considerably lower than in Russia, while the infant mortality is very high. The extraordinary increase of population in recent years is due entirely to immigration. A large number of Japanese have settled in Siberia since the Revolution of 1917,

[1] *Vide Weekly Bulletin*, Canadian Department of Trade and Commerce, Ottawa, June 9, 1919.

many of them being subsidized by the Japanese government. In the same period many thousands of German and Austrian prisoners of war, who have been kept in Siberian prison-camps, have elected to settle there, forming quite large colonies which may have an important influence upon the future development of the country, politically and economically. The student of Russian history recalls the German colonists introduced into Russia by Catherine the Great, whose descendants, the German-Russians of the Lower Volga, numbered three-quarters of a million at the time of the Revolution in 1917. He remembers the other colonies of these German-Russians in Volhynia, about Odessa and Rostov and in the Caucasus, numbering nearly three million more, and how many of them responded to the doctrine of everlasting loyalty to German *Kultur* preached by the agents of the Pan-German propaganda. German colonies in Siberia may prove highly dangerous in days not far distant.[1]

Like the ubiquitous and alert Japanese, these Germans who have elected to remain in Siberia have been quick to perceive and seize upon the economic advantages which are so numerous in this great land of unexploited treasure. They have acquired lands, mining rights, timber-lands, and water rights and have gone into business of various kinds. The leading Japanese and Russian journals, as well as the consular reports of various nations, frequently contain items indicating the

[1] Ross, *op. cit.*, pp. 38-41, has some interesting observations on the German-Russian colonies of Russia during the war.

progress of both Japanese and German economic penetration and infiltration in Siberia, the former generally in eastern Siberia, the latter in the western portion.

The greatest increase of population during the last five years has come from European Russia. Immigration from this source has long been the principal factor in the growth of the population of Siberia and has naturally been greatly augmented since the outbreak of the war by a stream of refugees fleeing from the foreign invader. The Bolshevist terrorism and other evils of the aftermath of the war added greatly to the number of these refugees. Great masses of such refugees have taken up their abode in Siberia, and while a large part of these will return to Russia as soon as order is restored and they can safely do so, a very large percentage will doubtless remain as permanent settlers.

Of the total population in 1912 it was estimated that about 85 per cent. were Russians, 7 per cent. Mongolians, 6 per cent. Turko-Tatars, the remainder being composed of the remnants of various native tribes. The population is overwhelmingly rural and agricultural, not less than 92 per cent. of the whole being so classified.[1] This is due to the very slight development of manufacturing and other forms of industrial production. There has been a very remarkable growth of population in some of the Siberian towns, however, as the following table clearly shows:

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[1] Golovachev, *Economic Geography of Siberia*, 1914.

TABLE A

Towns	1897	1909–11 (*Estimated*)
Barnaul	29,408	46,000
Blagovestchensk	32,606	77,000
Irkutsk	51,484	113,000
Khabarovsk	14,932	50,000
Krasnoyarsk	26,653	62,000
Nikolsk-Ussuriisk	8,932	52,000
Novonikolaievsk	8,473	70,000
Omsk	37,470	128,000
Petropavlovsk	21,749	43,000
Semipalatinsk	26,353	39,000
Tchita	11,480	73,000
Tobolsk	20,427	38,000
Tomsk	52,430	108,000
Tyumen	29,588	51,000
Vladivostok	28,986	120,000[2]

A few additional figures illustrative of the growth of some of these Siberian towns may be of interest. From 1860 to 1897 the population of Omsk increased 94.5 per cent. and from 1897 to 1910 it increased 210.4 per cent. The increase from 1860 to 1910 was 503.5 per cent. From 1860 to 1897 Krasnoyarsk increased 208.7 per cent. and 168.2 per cent. from 1897 to 1910. From 1860 to 1910 the increase was 727.7 per cent. Tomsk increased by 102.2 per cent. in the period 1860–97 and by almost exactly the same percentage, 102.3, in the period 1897–1910. From 1860 to 1910 the increase was 309.0 per cent. Petropavlovsk increased 168.2 per cent. from 1860 to 1897 and 94.2 from 1897 to 1910, the increase from 1860 to 1910 being 420.8

[1] Golovachev, *op. cit.*

[2] The population of Vladivostok in 1918 was over 200,000.

per cent. Semipalatinsk increased 22.0 per cent. in the period 1897–1910, and 239.7 in the fifty-year period 1860–1910.

The remarkable growth of urban population is not a sign of increasing industrialism. It is a sign of commercial development only. The economic life of Siberia centers in towns on or near the Trans-Siberian Railway and in the river ports. During five recent years the expenditures of twenty Siberian towns more than doubled, the figures being from 4,042,900 rubles to 8,974,800 rubles. In the same period the budgets of 826 towns of all Russia increased only 50 per cent.[1] The following table showing the municipal expenditures of a number of Siberian towns in 1904 and 1910 affords ample evidence of great municipal development in the period just before the war.

TABLE B

GROWTH OF MUNICIPAL EXPENDITURES IN SIBERIA

Towns	1904	1910
	Rubles	*Rubles*
Barnaul	100,000	560,000
Biisk	47,000	200,000
Blagovestchensk	267,000	760,300
Irkutsk	1,039,800	2,100,500
Krasnoyarsk	183,300	480,500
Kurgan	105,800	170,000
Novonikolaievsk	70,900	614,400
Tchita	117,500	430,000
Tobolsk	126,400	240,500
Tomsk	641,500	1,205,200
Vladivostok	403,200	980,000

[1] Golovachev, *op. cit.*

The population of Siberia is mainly distributed along the railways and rivers and in the great fruitful plains of the central portion of western Siberia. All the rest of the country is very sparsely settled and its resources unexplored. The entire country is well supplied with inland waterways which make navigation easy from west to east and from north to south. The principal rivers all empty into the Arctic Ocean, except the Amur, which, with its great tributary, the Sungari, empties into the Pacific. These inland waterways extend some 87,000 miles, of which 63,000 are used in navigation for some part of the year, those in the southern portion being open little more than half the year. Thus, at Krasnoyarsk the Yenisei is navigable for 196 days in the year on an average. Some 17,000 miles of these waterways are plied by steamboats engaged in passenger traffic. As we have already noted, there has long been under contemplation a plan to link these Siberian waterways to those of European Russia right up to the Baltic coast.[1]

In order to understand the place of Siberia in world politics it is essential to bear in mind that geographically and politically the country naturally divides itself into three great divisions. Western Siberia had on January 1, 1913, a population of 7,533,000; central Siberia had a population of 1,461,000, and eastern Siberia of 1,720,000.[2] It will be seen, therefore, that of the total population of 10,714,300 approximately 70 per cent. are settled on the agricultural lands of the western division. Western Siberia is made up of the provinces of

[1] See p. 42

[2] *Vide Russian Year-Book.*

Tobolsk and Tomsk and the districts of Akmolinsk and Semipalatinsk. From north to south this section of Siberia can be marked off into several zones. In the far north are the barren stretches of Arctic waste lands and to the south of these is a great belt of forest. Near the fifty-sixth degree of latitude this forest belt merges almost imperceptibly into the arable zone, a great black-earth belt which is a continuation of the black-earth region of southern Russia. It was here that the bulk of the free immigrants from Russia settled, and up to the present time this had been the most important part of the country economically. To the fifty-third degree of latitude and extending to the Altai Mountain chain, which forms the southern boundary, are the dry steppes suitable only for grazing. These lands have supported large herds of cattle and horses and are easily capable of supporting a vastly greater number.

Central Siberia comprises the provinces of Yenisei and Irkutsk and extends from the west bank of the Yenisei River to Lake Baikal. A large part of this section consists of forest-lands. To the north are great stretches of Arctic wastes. In the south the rolling downs and semi-mountainous country contains a good deal of admirable grazing-land and much forest-land. The valleys contain a good deal of arable land of a high grade. Central Siberia has been greatly hindered in its development by its long distance from the great export markets. This fact will probably continue to retard its economic development for a long time to come. The long distance to either

the Pacific or the Baltic seaboard, involving very costly transportation, adds too much to the cost of the products of this region to promise any great development in the near future.

Eastern Siberia is that great stretch of territory from Lake Baikal eastward to the Pacific Ocean. This is the Russian Far East which has held such an important place in Russia's foreign policy. It comprises the provinces of Trans-Baikalia, Amur, Maritime, Yakutsk, Kamchatka, and Saghalien. Eastern Siberia has always been quite distinct from the rest of the country economically, a fact easily accounted for by her geographical position. The western and central portions of Siberia have carried on their trade through European Russia, Moscow being their trade center. Their exports and imports have been transported overland by rail through Russia. Eastern Siberia, on the other hand, has carried on its trade through the great seaport of Vladivostok. It has thus been brought into closer relations with Japan and has been less controlled from Moscow.

Although its economic development has been retarded, partly in consequence of political policy, eastern Siberia is probably the richest part of the country in easily available resources. Its forests are very large and easily accessible; its mineral resources are varied and extremely rich; its fisheries are important and its agricultural possibilities can hardly be overestimated. The Tchita district of Trans-Baikalia is a great, well-sheltered valley with soil of wonderful fertility. The valley of the Amur, sheltered from the cold north winds

by the Yablovny Mountains and watered by the Zeia and Burea rivers, is splendidly adapted to the production of grain, as is also the Ussuri valley, which runs north from Vladivostok to Khabarovsk, a distance of some four hundred miles, separated from the Pacific coast by a range of mountains, but of easy access to the main railway line.

III

It is eastern Siberia which Japan wants to dominate and control. Annexation is not, except in certain circumstances, an essential part of her Pan-Asian scheme. Japan's policy in Siberia is dictated by economic and political considerations, the latter being of primary importance. Indeed, it is probably safe to say that whatever economic motives she has are mainly important to her and to the rest of the world in their political setting. It is quite easy to understand that the very real problem of over-population which confronts her makes it necessary for Japan to find new sources of food-supply. Her determination to secure control of the fishing rights of the Russian Far East, for example, can be readily appreciated with a certain degree of sympathy. Selfish, cruel, and unscrupulous as her policy in this matter has been, there is a certain extenuation in the fact that she has been acting under the urge of the greatest force in human life, the fear of starvation.

It is also easy to appreciate the fact that Japan's need for coal and iron and other raw materials of industry is almost as vital as the need for food.

As an industrial nation she must acquire somehow the basic raw materials of industry. Putting aside every other consideration, and taking into account only her industrial dependence upon sources of supply controlled by powerful competitors, we can understand why she should desire to possess the immense resources of Russian Saghalien and of Siberia east of the Baikal. The great deposits of high-grade coal in northern Saghalien and the Maritime Province; the rich oil-lands of northern Saghalien; the important iron deposits of Trans-Baikal, the basin of the Zeia in the Amur district and the Maritime Province; the copper, zinc, tin, and lead of Trans-Baikal and the Maritime Province—all these fundamental requisites of industrialism, which are so favorably situated as regards transportation, make eastern Siberia a treasure-store to which Japan naturally turns with passionately hungry longing.

When all this has been frankly recognized the fact remains that it is not a full explanation of Japan's interest in Siberia. To a very large degree her primary economic needs have been met by the political and economic control she has already established over China. Her economic interests in eastern Siberia are not at all of the elemental kind we have been discussing; they are, in fact, subtly interwoven with her imperialistic policies and form an important part of her military and political program. It is precisely this fact which makes them a menace to ourselves. Paradoxical as it may seem when thus baldly stated, the fact that her control over China affords the means of

satisfying her fundamental economic needs increases her desire to control the economic resources of eastern Siberia. In other words, the Siberian problem—and therefore the entire Russian problem—is, so far as Japan is concerned, part and parcel of the Chinese-Japanese problem.

When the World War broke out Japan was already supreme in southern Manchuria. By her victory over Russia in 1905 she had acquired the Liaotung Peninsula with Port Arthur and Dalny and the lease of the Manchurian Railway as far north as Chang Chun. She possessed the railroad from Mukden southeast to the Korean frontier at Antung. A formal agreement with Russia in July, 1910, concerning the respective interests of the two countries in Manchuria reduced the sovereignty of China over that vast territory to a mere fiction. Both governments, while professing to accept the "open-door" policy, and being solemnly pledged to its observance, in practice flouted it in the most flagrant manner imaginable. Within her "sphere of influence" in Manchuria, in violation of every agreement and understanding, Japan asserted exclusive rights as against every other nation. She effectually excluded foreign participation in railroad-building and mining, defeating, for example, the proposed concession for a railroad to be built by American capital through western Manchuria to Aigun. She blocked Secretary Knox's efforts in 1910 to neutralize the Manchurian and Chinese railroads. Through her possession of Dalny and her control of important branches of the railway system she was able to make commercial

war upon other nations. Previous to 1905 the United States possessed a major portion of the trade of Manchuria, especially in cotton goods, but by the time the World War broke out this American trade had been destroyed almost completely.[1]

Between 1905 and 1914 Russia had built up an enormous power in northern Manchuria. Harbin grew from a Chinese hamlet to a great cosmopolitan city with nearly a quarter of a million inhabitants. Back of this development in Manchuria was a constantly growing military power in Siberia, along the Trans-Siberian Railway, which might well cause the imperialists of Japan to fear that their aims could never be attained. The weakening of Russia by the war, her military collapse, and the Revolution gave Japan the chance her imperialists needed. Seeing Russia disintegrate into a number of small independent revolutionary governments, the military party in Japan saw a chance to succeed to the Russian position in northern Manchuria and outer Mongolia. Not only that, but as the tragedy of Russia developed it brought within the bounds of possibility the prospect, heretofore a wild dream, of separating Siberia from Russia and making it dependent upon Japan. At all events, Siberia east of Baikal might so be separated. The Bolsheviki played into the hands of the unscrupulous military imperialists of Japan.

Japan now controls practically the whole of northern China. She can do with China what

[1] See "Japan As Our Ally in Siberia," by David P. Barrows, *Asia*, September, 1919.

she pleases. China's sovereignty over her great territory is ended to all intents and purposes. This is a fact which greatly increases Japan's potential military strength. She now has immediate and uninterrupted access to China's great resources of coal, iron, copper, and other minerals, without which—especially the metals—she could not carry on a war against any great modern power. She can also obtain all the minerals and most of the other raw materials needed for manufacturing purposes. She has little except tea and silk to export in return for the great mass of imports she needs, so she must rely upon a great development of her manufactures. In China she now possesses an abundance of raw materials as well as the possibility of securing a great supply of foodstuffs. For the latter there are great areas of China, already under Japanese control, to be developed and exploited. Finally, China affords her an almost inexhaustible supply of cheap and efficient labor.

While all this means that Japan has solved one great problem, or, more accurately, one set of problems, it is an ironical fact that it equally means that she has created for herself another problem, or set of problems, equally great and important. As *The Far Eastern Review* recently pointed out, while China will enable Japan to develop industrial production upon a very large scale, there is no immediate prospect that she will be a great customer for the products of Japanese manufacture.[1] Potentially, of course, China with her 350,000,000 people is a great market. The purchasing power

[1] *Far Eastern Review*, August, 1919, pp. 540–543.

of this great nation ought to be, and may become, enormous. As a matter of fact, in recent years China's foreign trade only slightly exceeds that of little Switzerland. Before she can become a great market the purchasing power of the people must be very greatly increased. That can hardly be brought about upon a scale large enough to solve Japan's problem of finding a market for goods so long as her resources are controlled and exploited by Japan. In other words, so long as China's resources are parasitically used by Japan she will remain too poor to buy the goods manufactured from her raw materials and with the aid of her labor-power. Japan can only find in China the market she needs by restoring to China the economic birthright stolen from her. Even if we disregard entirely the resentment of China and the possibilities of a systematic boycott of Japanese goods by the Chinese,[1] the difficulty confronting Japan is none the less obvious.

Only when we bear the real character of the Japanese domination of the economic life of China in mind does the Siberian situation become intelligible. Japan wants the great mineral and other resources of Siberia, both for military and industrial reasons. What she wants far more than this,

[1] The wide-spread boycott of Japanese goods in China is a movement of very great significance. Since 1915 many thousands of the most intelligent Chinese have quietly boycotted Japanese goods. Throughout the Yangtse Valley, for example, Chinese capital has erected numerous spinning and weaving mills to obviate the necessity of using Japanese goods. At Shanghai, Peking, Nanking, Hankow, Hangchow, and other cities organized boycotting of Japanese goods has made great headway.

however, is a great market for her goods. Control of Siberia would give her far more than the opportunity to supply the immense amount of machinery and agricultural implements needed for the development of eastern Siberia; it would enable her also to extend her trade to western Siberia, and perhaps into European Russia. For a good many years to come, at least, the advantage due to having an almost unlimited supply of cheap labor where the raw materials are would more than offset the disadvantage incidental to long-distance transportation, and place her in an enviable position as compared with the western nations with whom she must compete in the Russian market.

There is another very important reason why Japan should seek to control Siberia politically as well as economically. As we have already observed, Russia, under the old régime, systematically flouted the "open-door" policy in China and persistently encroached upon China's sovereignty. Japan is now the only power in the world which is pursuing this predatory policy in China and seeking to accomplish its imperialistic and economic aims through a policy based on special rights, exclusive privileges, and concessions. Russia still holds by treaties entered into at various times prior to the Revolution of 1917 more special rights and privileges than any other nation, if we exclude those recently acquired so dishonorably by Japan. To those Russian "rights" in China Japan greedily aspires.

This is in fact the foundation of a very shrewdly conceived policy. It explains why Japan has done

all in her power to prevent the successful establishment of a liberal government in Siberia based upon self-government and national integrity; why she has done, and is still doing, everything in her power to bring about the re-establishment of a reactionary régime in Siberia and throughout Russia. Japan does not want a liberal, democratic government in Siberia. She would greatly prefer a reactionary militarist monarchy.

It requires no special powers of penetration to see this: Under any imaginable conditions, even if the monarchical régime should be restored in Russia, it will be impossible for Russia to utilize the rights she holds in China by treaty at any time in the near future. In return for military and other assistance, any reactionary government set up in Russia would be willing to cede those rights to Japan. China could not prevent this without, in effect, abrogating treaties made in good faith, treaties, moreover, which cannot be said to have been entered into under duress. It would be difficult indeed for China to secure the military support of the western nations for such a policy. Even if she did, she and her allies would be placed in the position of fighting an offensive war to break lawful and freely made agreements. Thus Japan would have at the outset a great moral advantage, in addition to which she would have a decided military advantage. Not only would she be allied with Russia, thereby presenting an offensive power which could only be met by an alliance of several great western powers, but her strategical position would be almost impregnable.

On the other hand, a liberal régime in Russia would be almost certain to give its support to the integrity of China and to uphold the "open-door" policy of equal opportunity. It would be unable to utilize the concessions in China obtained by the old régime and would certainly not transfer them to Japan. Such a liberal, democratic government would undoubtedly seek to ally Russia with the democratic group of nations, both economically and politically. Japan would in that case be isolated as a military power, and would be unable to acquire the Russian concessions in China without taking the responsibility of a dangerously offensive policy opposed by all the great powers.

This is the real issue that is at stake in Siberia. It is essentially a question of world politics in the widest sense of that term, and upon its determination will depend not the future of Siberia alone, but the whole relation of the civilization of the Orient to that of the Occident. It is, therefore, not a matter of indifference to the United States. We cannot with safety to ourselves indulge the vain hope of maintaining an isolation from the great struggle. In common with all the western nations—and particularly the great English-speaking peoples—our interest lies in the union of a progressive and democratically governed Russia with the civilization of the Occident, as against the union of a reactionary, militaristic Russia with the civilization of the Orient under the leadership of Japan. Given a union of Russia free and enlightened with the democratic nations of the western world, the military imperialism of Japan will be relatively powerless.

Such a union as this would involve no menace or danger to Japan or any other Oriental nation, be it observed. It does not imply any subjection of the Orient by the Occident. Nothing could be more disastrous for Japan, in the long run, than for her military party to succeed in attaining its imperialistic ends. It would be as disastrous for the people of Japan as for the people of Russia and the western nations. The success of the military party of Japan in its efforts would not only impose a terrible burden of armaments upon the Japanese people for many years to come, just as it would force a similar burden upon the peoples of Europe and America, but it would almost inevitably bring about a titanic struggle between East and West, a war of races more extensive and more terrible than that which has so recently brought the Western World so near to irretrievable ruin. Pan-Asianism is as dangerous to the free development of the peoples of Asia as to the rest of the world.

In the event of war with any of the democratic nations of the west Japan would still want to control, and perhaps even to possess, that portion of Siberia lying between Lake Baikal and the Pacific Ocean. The considerations of military strategy which lead to this conclusion are quite easy of explanation and understanding. In any conflict in which Japan might be involved with western nations, whether through the League of Nations or otherwise, it would be to her interest to prevent a powerful Russian army from reaching the Pacific. A study of the map will quickly reveal the fact that the naval bases of the United States and Eng-

land—Hawaii, the Philippines, Hongkong, and Wei-hai-wei—are, under the conditions of modern naval warfare, perilously far from Japan for offensive naval operations. Submarines and mines would make it easy to close the Straits of Formosa and the Korean Strait. The Sea of Japan, and perhaps even the Yellow Sea, might also be effectively closed by Japan with little trouble. Her position would be enormously strengthened if she could prevent the Pacific ports of Russia being used as naval and military bases by the enemy, and particularly if she could prevent the use of a large Russian army against her.

These ends might be accomplished in either of two ways. The easier way is through the exercise of such a predominant political influence over Siberia as to prevent the possibility of danger from that quarter. The other way is through military action directed to cutting off eastern Siberia in such a manner as to prevent the passage of a Russian army beyond Lake Baikal. The almost impassable mountain ranges of the Baikal district make it easy for a very small force to prevent the passage of a large army from Russia to the Far East. By cutting the Trans-Siberian Railway in the narrow passage between the mountains Japan would be able to exercise complete military control east of the Baikal.

IV

During the past three years there has been a great deal of Japanese colonization in eastern Siberia, most of it subsidized by the Japanese

Imperial government. The principal hotels in Vladivostok and other towns of eastern Siberia have been acquired by Japanese.[1] The Japanese have printed a special form of currency, especially the yen, for use in Siberia only. This Japanese-Siberian currency is forced upon the Siberians, but is refused when offered as payment in Japan. Mining rights are being acquired by Japanese all over eastern Siberia. They have bought up the gold-mines along the Zeia River at Blagovestchensk and elsewhere, the electric-power plant at Tchita, and flour-mills at Khabarovsk and other places.[2] The river steamers plying the Amur and the Sungari have largely passed into the hands of the Japanese. A large number of the mineral springs and curative mud-baths in Trans-Baikalia have passed into the control of the Japanese. In the summer of 1916 a group of Japanese capitalists, headed by a representative of the Bank of Tokio, sought to obtain a monopoly right to exploit the "cures" and mineral springs of the Pri-Amursk territory for fifty years.

Reference has already been made to the manner in which the Japanese have steadily aimed at the control of the fishing rights of Russia's Far East. The fishing industry is of great importance to the economic development of Siberia. The fisheries of the Amursk and Kamchatka yielded 2,500,000 poods of fish in 1907; 3,000,000 poods in 1908; 4,500,000 poods in 1909; 6,203,346 poods in 1912. These figures cover only the legally entered and

[1] *Russian Economist*, June 10, 1919.

[2] Confidential report to the writer, dated October, 1919.

registered catches and do not include the fish consumed by the local population or the illegal catches of Japanese poachers. It is one of the many evidences of the shortsightedness of the old régime, and the backwardness of the industrial development of the country, that with the most abundant fish-supply in the world Russia actually imported an enormous amount of fish each year. The value of the fish imports in the years 1911–13 averaged about 36,000,000 rubles per year.[1]

By the Fishing Treaty of July, 1907, Russia granted to Japanese subjects, for a period of twelve years, equal fishing rights to those enjoyed by Russian citizens along the coast of Kamchatka and Saghalien. Certain reservations were made, fishing rights being restricted to Russian citizens in the Bay of Peter the Great, Imperial Haven, Vanine Bay, Avachin Bay, and in the Amur and the rivers of Okhotsk and Kamchatka. In a surprisingly short time the Japanese have almost driven the Russians from this important industry. For example, the Russian vice-consul at Khakhodate reported in 1909 that the Japanese were using in Russian waters 221 fishing-vessels, aggregating 40,000 tons, whereas the Russians were using only six vessels, aggregating 4,600 tons. The number of Japanese employed was about 6,000; the number of Russians only 300.[2]

At the sales of fishing rights which took place in the Okhotsk-Kamchatka district, March 5, 1910, it was quite apparent that the Japanese had prac-

[1] Goldstein, *Russia, Her Economic Past and Future*, p. 70.

[2] Bogdanov, *The Condition of Our Fisheries in the Far East.*

tically driven the Russians from the fishing industry. Of the 200 fishing districts in the Okhotsk-Kamchatka area, only two remained in the hands of Russians, all the others going to the Japanese.[1] In spite of such facts as these, Russia made a new agreement with Japan in 1916, giving Japan still further fishing rights in Russian waters, removing the restrictions of the treaty made in 1907, thus giving Japanese subjects full equality with Russian subjects, a right not enjoyed by any other nation, be it remembered. S. D. Merkulov, the well-known Russian authority on the Far East, relates that in the spring of 1916 he was in the Pri-Amursk district when rumors of the new fishing agreement filtered through by way of Japan, and the resentment of the population was so great that he, being suspected of some sort of responsibility for the government's policy, was obliged to flee.[2] "The peaceful economic capture of the Pri-Amursk territory by the Japanese will deprive Russia of this border province forever," says this authority.[3] He predicts that, instead of Russians supplying the Japanese market with fish, the Japanese will soon be supplying the Russian market with the fish caught by them in Russian waters.

In this connection two paragraphs from Russian newspapers are of interest. The first is a paragraph published in the *Novoye Vremia*, December 11, 1916, in a list entitled "New Law Projects," and reads, "The Ministry of Commerce and In-

[1] Bogdanov, *op. cit.*

[2] Merkulov, *The Present Situation of the Russian Cause in the Far East* (1916).

[3] *Idem.*

dustry introduced a bill to allow the Japanese to bring fish caught by them in fisheries hired from Russia into our Pacific ports duty free." This law was projected in accordance with the agreement made earlier in the year, at a time when in Russian waters there were ninety-five Japanese to five Russians. The second paragraph is taken from the *Russkaya Volia*, January 10, 1917. It is a telegram from a correspondent of the paper at Vladivostok, and reads: "There are stocked at present at Vladivostok hundreds of thousands of poods of fish freights. The approach of warmer weather threatens these stocks with putrefaction and the ruination of the entire fishing business of the territory is imminent. Foreign competition (*i.e.*, Japanese) united in one syndicate for the cornering of these products will put the finishing touch to this breakdown."

According to a report by D. B. MacGowan, United States consul at Vladivostok, dated March 28, 1919, the sealed bids for the fishing stations in conventional waters between Vladivostok and Bering Strait were opened in January. There were 182 bids, only 20 of them being from Russians. The Japanese got seventy-six stations and the Russians eighteen. In spite of the depreciated value of the ruble, these stations brought only 4,213,275 rubles, as against 12,000,000 rubles formerly. When the low value of the ruble is taken into account, the difference is far greater even than these figures indicate. It is very well understood that the Japanese combine to force the value of these stations down.

The Japanese have almost ousted the Russians

from this very important industry because Japan has thoroughly organized her industrial life on German lines, and not because of any superiority of the Japanese fishermen over their Russian competitors. The report of the Russian vice-consul at Khakhodate already referred to makes this quite clear. He points out that the Japanese fishermen can get on very easy terms extensive credits from the Japanese banks supported by the government. There are various other forms of governmental support, including important subsidies and premiums. The nine hundred thousand Japanese engaged in fishing are practically all organized into business corporations or co-operative societies, whose methods are quite like those of the German *cartels*. They possess a capital of millions of yen. For example, the Maritime Commercial Fisheries of Tokio has a capital of five million yen. It has for its sole object the exploitation of the fishing industry in Kamchatka, Okhotsk, and the Pri-Amursk. This and similar Japanese organizations, using Russian agents or agents passing as Russians, started to buy up all the privately owned Russian fishing-vessels and freight-ships as soon as the war began in 1914, and soon acquired a monopoly.

Notwithstanding all the colonization and economic infiltration which has taken place, it can safely be said that Japan's primary object in Siberia is political and military rather than economic. The climate of Siberia, even in the most favorable portions of the Far East, is less suited to extensive Japanese colonization than that of China. For

reasons of imperial policy already set forth, the military party in Japan would like to see Siberia controlled by a reactionary militarist government, either as an independent state or as part of the Russian Empire as formerly. With such a reactionary militarist government co-operation on the part of Japan would be both natural and easy. It would, in last analysis, be dominated by Japanese bayonets. In the event of Siberia being controlled by a strong liberal democratic government, either as an independent state or as part of a united Russia, the military party in Japan would either annex the territory east of Lake Baikal or be at all times ready to seize it and prevent its use by Russia against Japan. In either case the colonization and economic infiltration would be of enormous strategic value and importance.

No careful student of Japanese foreign policy since the Russo-Japanese War can doubt that some of her most influential statesmen have long cherished the hope that some day Siberia east of Lake Baikal and the northern half of Saghalien might become Japanese possessions. As soon as war broke out in Europe in 1914 it became apparent that the Japanese were preparing to take advantage of Russia's preoccupation. A host of Japanese surveyors and investigators swarmed into the Russian Far East. E. E. Anert, the well-known Russian geologist and engineer, is authority for the statement that during the first two years of the war there were more Japanese engineers on the Maritime Province coast and in Russian Saghalien, making investigations, than there had been Rus-

sian engineers in twenty years.[1] P. I. Polevoy, another Russian geologist and engineer, member of the Geological Commission of Russia, says that as soon as the World War broke out Japanese surveyors and investigators began to make exhaustive surveys of the mineral resources of Trans-Baikalia, the Amursk, and Kamchatka.[2]

In the *Journal* of the Geological Commission of Russia, November 8, 1916, appears a report by the director of an application made by Mr. Sakurai, representative of the Japanese Chamber of Commerce, asking for information concerning the mineral resources of the Russian Far East, especially of Russian Saghalien. The Japanese representative had proposed that the Geological Commission of Russia and the Geological Institution of Japan organize a joint expedition to the coast of northern Saghalien for the purpose of verifying the reports of Russian geologists respecting the oil and mineral wealth of that part of the island. This proposal seemed innocent enough and was supported by the director of the Russian Geological Commission on the ground of its scientific interest. It was vehemently opposed by some of the members, however, among them P. I. Polevoy, who declared that he was "not willing to aid the Japanese in their industrial adventures in our Far East." One of the leading geological experts of Russia wrote in an official report at the end of 1916, "Our Mining Department and Geological

[1] Quoted in a confidential report to the Russian Foreign Office, written just before the Revolution of March, 1917, and received after the Provisional government had been set up. [2] *Idem.*

Commission are literally besieged by Japanese who are constantly asking for various information and are putting in claims."[1]

These facts are of great importance when they are considered in connection with the statement of the Russian writer, N. M. Popov, that in the summer of 1916 the Japanese press published a number of articles which represented the Russian government as being desirous of ceding to Japan the northern half of Saghalien, having decided that it was of no value to Russia. Japan, it was said, was unwilling to accept it as a gift from Russia and was therefore offering a small monetary compensation for it.[2] We must remember that the press in Japan is very strictly regulated and must receive the special permission of the authorities before publishing any news or comments upon foreign affairs. The articles referred to could not have been published except with the approval of the Japanese government. Those familiar with the methods of Japanese diplomacy will recognize in the publication of such articles a characteristic way of preparing the public for the acceptance of an important policy. Under date of August 12, 1916, Popov wrote that influential Japanese newspapers were asserting that Russia was ready "in compensation for the freedom of action accorded to her in the west" to relinquish, in favor of Japan, her sovereign rights in the territories lying east of Baikal. The Russian writer added this comment, "All such statements in the Japanese

[1] Quoted in the confidential report to the Russian Foreign Office previously referred to.

[2] *Idem.*

newspapers and magazines have as their object the preparation of the public opinion of Japan for the new demands which the government is getting ready to advance, and also to accustom the public to the idea that the Russian government and public are ready to concede all these demands to Japan.[1]

In the light of all these facts, and of the policy pursued in Siberia by Japan during the struggle against the Bolsheviki, it is quite useless for Japanese apologists to deride, or attempt to deny, the suggestion that the possible possession of eastern Siberia has seriously entered into the shaping of Japan's foreign policy. It is not because of any dislike of the Japanese or prejudice against them that attention is called to the dangers inherent in the policy and program of the militarists of Japan. The occupation of eastern Siberia by an aggressive military power like Japan is a serious matter for the United States of America. Kamchatka is dangerously near to Alaska. Petropavlovsk, for example, is much nearer to Alaska than to Tokio. Across the Bering Strait, from East Cape on the Siberian coast to Cape Prince of Wales on the Alaskan coast, is only fifty-six miles. We cannot in reason take it for granted that the military difficulties will always be a sufficient safeguard against attack from this quarter. On the score of the contiguity of our own territory we have a very definite interest in preventing the occupation of eastern Siberia by Japan, the one military power whose foreign policy is generally conceded to hold important elements of danger for us. It is no answer

[1] Confidential report.

to this argument to tell us that Japan's occupation of eastern Siberia would be temporary, or that it would be pacific and involve no military aim or effort. *Japan has never given up any territory she has once occupied.* If she "surrenders" Shantung the surrender will be *pro forma* merely; she has already clearly manifested her intention to keep the oyster when she returns the shell. We remember Korea.

In addition to this purely selfish national interest, the United States has another and larger interest in preserving Siberia's integrity and freedom from Japanese domination. It is by no means certain as yet that Germany has undergone any real reform; that she has permanently abandoned the aggressive militarist spirit which made her a menace to the whole civilized world. Even if she does not return to monarchism—which is not yet assured—as a capitalist-militarist republic she can be as aggressively imperialistic as she was under the Hohenzollerns. The last years of Wilhelm Liebknecht were clouded by an intense fear of precisely such a development. Germany began to recover her economic and political influence over Russia before the war ended. Even while her great military machine was collapsing and she was facing the certainty of disastrous military defeat she was building anew in Russia. From the moment the armistice was signed, during all the months of diplomatic chatter, huckstering, and growing disunion on the part of the Allies, Germany was engaged in securing a fresh strangle-hold upon the life of Russia.

It requires no great imagination to see that with Germany in control of the economic life of Russia in Europe, and possibly even of western Siberia, and Japan in control of the rest of Siberia, the result would be a menace to every democratically governed nation in the world. Across the prostrate form of Russia the two great militarist powers could join hands and control the resources and the fate of something like seven hundred million people. Of course, the combination of Germany and Japan with Russia governed by a reactionary monarchy would be still more formidable and dangerous; but even if Russia does not fall again under the rule of the reactionary monarchists and manages to establish and maintain a liberal government, if her economic life is to be dominated by Germany in the west and by Japan in the east, and especially if Japan is to exercise political control over the richest part of Siberia, the world will not be safe for democracy for a long time to come. There will be in effect two great leagues of nations, the league of democratic nations against a stronger league of aggressive military nations. If Japan is permitted to control Siberia, or if Russia is to be held in the relentless grip of a German-Japanese combination, the aims for the attainment of which we entered the Great War will have been defeated.

V

In all the history of the World War and the tortuous and sinister diplomacy connected with it, and with the settlement of it, there is no single

chapter that is so shameful and dishonorable as that which records the behavior of Japan toward her allies in connection with Siberia. As a story of political immorality it has hardly a parallel. Utterly bad as her actions in China were, in Siberia she sank to greater depths of infamy.

We have already noted the manner in which Japan almost at the very beginning of the war set about preparing the way for the exploitation and control of the greater part of eastern Siberia. The great advantages gained by her in the secret agreements of 1916—the concessions on the Manchurian Railway and the shipping and fishing rights[1]—were undoubtedly wrested from Russia by her unscrupulous ally. Russia was dependent upon Japan to a very large extent for guns, munitions, military equipment, and railway supplies. The Russians knew perfectly well that they were really mortgaging to Japan the most valuable and important part of Siberia, and that Japan would assert real sovereignty over it. They were in no position to resist Japan's demands, however, since refusal would render them helpless before the German onslaught. Their only hope lay in a successful termination of the war, after which they could deal with Japan.

Finding themselves masters of the situation, the Japanese swarmed into Siberia, behaving with such arrogance as to rouse even the tolerant Russians, generally so free from racial prejudices, to resentment and hatred. Japanese merchants, aided by their government, poured into Siberia enormous

[1] See pp. 183-184.

quantities of inferior and spurious goods, for which they charged exorbitant prices. So bitter was the feeling against the Japanese on account of these practices that the Japanese government became alarmed and, for a little while, took measures to put a stop to them. When the Revolution took place in Russia, in March, 1917, and it became evident that the great Slav power was still further weakened, the Japanese government ceased to interfere with its unscrupulous traders. These became more offensively aggressive in Siberia. Worthless trash manufactured in Japan for the Siberian market was represented as being standard merchandise of American and British manufacture. Perhaps the most unscrupulous of all were the Japanese drug dealers, who sold at enormous prices worthless and even dangerous imitations. A bitter substance of no medical value at all was widely sold as quinine; there were many such examples.

Meantime the Japanese government saw that the plight of Russia offered an opportunity not merely to extend the economic influence of Japan in Siberia, but also to acquire political control. Her opportunity seemed to have come when the Bolshevist counter-revolution occurred in November, 1917. At that time, it will be remembered, the Bolsheviki tried to seize north Manchuria. Greatly to the chagrin of Japan, the foreign consuls called upon China to furnish troops to drive out the Bolsheviki and the Chinese were successful in doing so, deporting the Bolsheviki to Siberia. This was a setback for Japan: that China's right

to assume the defense of northern Manchuria was recognized by the consular body was bad enough; that China should succeed was worse.

During the last days of the Kerensky régime the Japanese instigated a very clever and widespread propaganda in the principal Allied nations in favor of Japanese intervention in Siberia for the ostensible purpose of saving it from falling into the possession of Germany. In December, after the Bolshevist *coup d'état*, the Japanese government addressed a note to the principal Allied nations, and to the United States, offering to send troops into Siberia for this purpose. The proposal was that enough Japanese troops should be sent into Siberia to protect the Allied interests against Germany and the Bolsheviki. Japan explicitly agreed not to attempt territorial annexation or to maintain a permanent occupation of Siberia or any part of it. On the other hand, she laid down the following conditions: (*a*) the intervention must be exclusively Japanese; (*b*) the Allied nations and the United States must recognize her paramount position in China and the existing Sino-Japanese treaties; (*c*) Japan must be given exclusive concessions for mining and timber exploitation and fishing in eastern Siberia.

In return for these things Japan was ready not only to act in Siberia, but also to send troops to Europe if desired. Serious as the situation was, it was not easy for France or Great Britain to accept the Japanese proposal. On the whole, of course, France was favorable. In the first place, victory over Germany on the western front and the

recovery of Alsace and Lorraine dominated every other consideration. She had no interests at stake in Siberia or Manchuria. In the second place, there was some talk about a repudiation of the war debts by Russia after the revolutionary government was formed and there were many in France who believed that Japanese intervention would prevent this. On the other hand, it was recognized that the occupation of Siberia by the Japanese would be likely to alienate the Russians from the Allied cause to such an extent as to make them active allies of Germany. This would imperil the western front, of course. Finally, there was a good deal of distrust of Japan and a wide-spread belief that Japan would use the power acquired through military occupation of Siberia to secure the payment of Russia's indebtedness to her, quite regardless of the claims of France or any other nation. In the end, the balance of French interest and opinion inclined to acceptance of the Japanese proposal.

Great Britain had a much more difficult problem to decide. She had important interests in China which would be jeopardized by any great extension of Japan's power and influence in the Far East. Here was a very powerful reason for regarding with disfavor the proposal of Japan. On the other hand, the collapse of Russia brought into prominence the peril of a German-Turkish advance upon India. The situation of India was indeed very critical. One of the reasons for the Anglo-Japanese Alliance was the protection of India. Japan was under obligation to send troops to India if requested

to do so. By the end of 1917 British statesmen realized that this would be a very dangerous expedient; it might well prove to be more dangerous to British rule in India than the German-Turkish invasion that was feared. It was well known that the Japanese Pan-Asian propaganda had found a fertile field in India; that the Indian nationalist campaign had been aided by the Japanese, with the connivance of the Japanese government, even during the war. A large army of Japanese in India would undoubtedly give a great impetus to the nationalist movement there. There was, moreover, a wide-spread and well-grounded suspicion that Japan would very gladly make peace with Germany and come to an amicable understanding with her concerning the exploitation of Russia, just as Russia and Japan had done with regard to China after the Russo-Japanese War. In Great Britain, as in France, there was a widespread feeling of uneasiness and a freely expressed distrust of Japan.

It was a most serious condition that confronted the Allied nations and the anti-Bolshevist Russians. There were in Siberia at least two hundred thousand German and Austrian prisoners of war, and there was no doubt that these would willingly agree to fight with the Bolsheviki against either the Allies or the anti-Bolshevist forces of Russia operating in Siberia. There were many of these Teutons east of Lake Baikal, though the vast majority were in central and western Siberia. At Vladivostok there were immense military stores which might be sold to the Germans by the Bolsheviki. At

the same time, in central Siberia, in the Urals, and in Turkestan there were enormous supplies—wheat, butter, wool, hides, cotton, ores, platinum, and oil—which it was of the utmost importance to keep from falling into German hands.[1]

On the whole, British opinion, like French opinion, accepted the view that Japanese intervention was the lesser of two evils. In January, 1918, the two European governments agreed to assent to the Japanese proposal, provided that the United States of America would also assent to it. Great Britain and France knew perfectly well that America could not be ignored; that her interest in any great extension of Japan's military power and prestige was vital. It is one of the few bright spots in our Far Eastern diplomacy that the plan for exclusive intervention by Japan was killed by the refusal of our government to assent to it. That refusal was one of the few decisive diplomatic acts of the war of which Americans can be whole-heartedly proud.

Even while these negotiations were going on, before the decision of the United States had been made known, Japan made a new move. The Russian commander in the Far East, Gen. D. M. Horvath, conceived the plan of organizing a great volunteer Russian army to fight the Bolsheviki, who were steadily gaining in their efforts to control Siberia. He asked for assistance from the United States in the first instance, and then from Great Britain and France. While he was waiting for these nations to reply, General Horvath was

[1] Barrows, *op. cit.*, p. 929.

approached by a representative of Japan, General Nakashima, and offered the entire support of Japan, with all the arms, money, and men that might be required to clear Siberia of the Bolsheviki. The following conditions were laid down:

1. That Japan should undertake intervention in Siberia alone.

2. That she should be given the northern half of Saghalien Island.

3. That she should be given preferential trade and commercial rights throughout eastern Siberia.

4. That she be granted exclusive concessions for the exploitation of all mining areas and forests east of Lake Baikal.

5. That Japanese subjects be granted full equality with Russians in the fisheries of eastern Siberia.

6. That Vladivostok be transformed into a free port and all its fortifications dismantled.

In the course of these negotiations it developed that Japan had no intention of going beyond Lake Baikal. This was a reservation of the utmost importance to the Russians and to the Allied nations and the United States. To the former it revealed the fact, which had all along been suspected, that Japan had no interest in restoring Russia, or even Siberia as a whole, but that she was interested only in Siberia east of Lake Baikal, which, for reasons already set forth, she would be easily able to seize and hold indefinitely. To the latter it revealed the fact, also previously suspected, that Japan was not loyal to the Allied cause; that she had no intention of helping to save the territory from Lake Baikal to the Urals, either from the Bolsheviki or from the Germans.

While Great Britain, France, and the United States failed to come to their assistance with the desired support, the Russians steadily refrained from making such a bargain with the Japanese, who continued their overtures. While these discussions were going on there arose the little army of Cossack guerrillas under the Cossack Ataman, Semenov, who has been described as "the Villa of Siberia." His was the only Russian fighting force of any consequence in the Far East at the time, and between Irkutsk and Manchuria station, along the Trans-Siberian Railway, it waged savage warfare on the Bolsheviki. Japan now made overtures to Semenov similar to those previously made to Horvath. She supplied him with guns, munitions, soldiers, and military advisers, and money to lavish upon his numerous mistresses and to buy gold-handled swords for himself and his officers. In a very little while she had corrupted this Cossack officer, who had hitherto been loyal in a crude way, and possessed real military power, making a pliant and willing tool, ready to do her bidding, as his subsequent career has shown.

VI

From the first the government of the United States manifested a sincere and profound friendship for revolutionary Russia. Mistaken as its policy has often been, there can be no doubt that America has at all times been actuated by a genuine desire to help Russia. Of course, there was in the beginning the desire to enable the great Slav power to renew the fight against Germany and so help the Allied cause.

That was a natural motive and a proper one; it was not the only motive, however. Even when it became apparent that Russia was out of the war, that her military rehabilitation was out of the question, America sought to help her. It was in a spirit of friendship that the Stevens Commission was sent to Russia to give aid in placing her railway system upon a more efficient basis. It was in the same spirit that other projects for helping Russia by supplying capital and expert assistance to improve her economic life were conceived. The spirit and the intention were admirable, however much bungling there may have been in giving them practical effect. It is well known that Japan resented this attitude on the part of the United States and professed to see in the American efforts to aid Russia a cunning plot to secure political and economic control of that country. At every point Japanese agents, diplomatic and military, hindered and hampered the work of the Stevens Commission.

In May, 1918, Admiral Kolchak appeared on the scene. He sought to unite all the Russian anti-Bolshevik groups, parties, and detachments in one united force. This was the only possible chance for successful action and was warmly approved by Great Britain, France, and America. Japan, on the other hand, strenuously opposed Kolchak's efforts, thus confirming the Russians in their belief that it was the aim of Japan to prevent the development of a stable and orderly form of self-government in Siberia.

In August, 1918, acting apparently under pressure from Marshal Foch, the United States government

changed its policy. It abandoned the policy of neutrality in the struggle between the Bolshevist and anti-Bolshevist forces and agreed to a joint intervention in Siberia by Allied and American forces under Japanese leadership. The immediate object of this intervention was to clear and keep open the Trans-Siberian Railway and to rescue the Czecho-Slovaks. The story of these Czecho-Slovak troops is well known. They had deserted *en masse* from the Austrian army, where they had been compelled to fight for their hereditary enemy, in order to fight on the side of the Allies, who were pledged to the cause of an independent Czecho-Slovakia. They had fought for Russia and the Allied cause with heroic courage. Then, when the tragic Peace of Brest-Litovsk was declared, they wanted to join the autonomous army of Czecho-Slovaks in France to fight against the Central Empires, just as their comrades were fighting against Austria in Italy.

Fifty thousand of these brave patriots assembled in the "Ukraine Republic," where they were concentrated, and voted to leave for France *via* Siberia.[1] They had an agreement, signed by the Bolshevist government, guaranteeing them unrestricted passage across Russia, and started on their way across Siberia, as happy and peaceful and law-abiding as any great body of men that ever passed through any country. The permission of the Bolshevist commander of the south Russian forces, General Antonov-Ovsejenko, to depart from Russia *via* Vladivostok had been given and the permit

[1] Ackerman, *Trailing the Bolsheviki*, p. 108.

had been approved by both Lenin and Trotzky. The Czecho-Slovaks had voluntarily turned over their surplus arms and military equipment and were therefore only partially armed. General Antonov-Ovsejenko issued an order to his forces with the following reference to this:

> Our comrades of the Czecho-Slovak Army Corps, who fought so bravely and gloriously at Zhitomir, Kieff, Grebyonka, and Bachmac, defending the way to Poltava and Kharkoff, are now leaving Ukraine territory, and are turning over to us a part of their military equipment. The revolutionary army will never forget the fraternal assistance rendered by the Czecho-Slovak Army Corps in the battle of the working-people of the Ukraine against the thieving bands of imperialism. The military equipment given up by the Czecho-Slovaks the revolutionary army accepts as a fraternal gift.

Notwithstanding all this, the Bolsheviki placed every conceivable obstacle in the way of the Czecho-Slovaks and subjected them to constant humiliation. Then the Bolsheviki ordered their complete disarmament. In a signed order Trotzky directed the local authorities to disarm and disband the Czecho-Slovak Army Corps, place them in prison-camps and there subject to hard labor all who would not enlist in the Red Army. Bolshevist forces, largely composed of Germans and Magyars, made war against the Czecho-Slovaks, who, notwithstanding that they were partially disarmed, fought back and succeeded in keeping together. After prolonged negotiations, in which the lack of decisive agreement on the part of the Allies concerning Russia was made all too evident, in May the Czecho-Slovaks were informed that the Allies

desired them to remain and to form the nucleus of an Allied army against the Bolsheviki. This information was conveyed in a message from the French Ambassador, dated May 18, 1918. It was promised that the Allies would intervene in force at the end of June.

The Czecho-Slovaks were glad to do what they believed to be the will of the Allied nations and the United States of America. The treachery of the Bolsheviki had enraged them and filled them with a desire for revenge, but there were other and deeper reasons for their glad acceptance of the rôle assigned to them. They were quite convinced that the Bolsheviki were in league with Germany and Austria; that it was the German Ambassador at Moscow, Count Mirbach, who had dictated the treacherous policy of Trotzky. Finally, they believed that by serving the Allied cause they would insure the establishment of their national independence.

From June to September the Czecho-Slovaks fought all over Siberia. This little army of fifty thousand men routed the Bolsheviki from the Urals to the Pacific. They kept up an organization in every city of importance along the Trans-Siberian Railway. It was due to their courage and indomitable energy that Siberia was saved from the Bolshevist red terror and that it was possible to set up at Ufa the All-Russian government.[1]

It was mainly for the purpose of relieving the Czecho-Slovaks, who had fought their way into a

[1] Perhaps the most completely documented story of this heroic army is that of Mr. Ackerman, *Trailing the Bolsheviki.*

critical situation in the west, that joint intervention in Siberia by the Allies and America was undertaken in August.[1] It was agreed that the army of intervention should be under the supreme command of the Japanese, but that the army itself should be composed of not more than 7,500 men from each of the nations except, of course, the Czecho-Slovaks already there. The United States sent its full quota. Great Britain, France, and Italy each sent less. Notwithstanding the very solemn agreement that its quota in the army of occupation in Siberia—like that of the other nations—should be limited to 7,500 men, *it was not long before Japan had ten times as many in Siberia—that is, more than all the other forces combined, including the Czecho-Slovaks.*

It was not because of an excessively generous loyalty to the common cause, or a desire to serve Russia, that so many Japanese soldiers were sent into Siberia. The evidence is overwhelming that it was deliberately planned to enable Japan to control eastern Siberia. The military situation may have justified the increase of forces, but the conduct of the Japanese supreme commander, General Otani, soon became an international scandal. In the first place, everything which could make the expedition offensive to the Russians was done, as though it were Japan's purpose to deliberately humiliate and insult the Russian population. The Japanese acted as conquerors rather than as friends who had come to render friendly assistance. The Japanese officers estab-

[1] Barrows, *op. cit.*, p. 930.

lished a most oppressive rule over the civilian population.[1] The Russians resented this and naturally distrusted the Allies, sometimes turning back to Bolshevism as a lesser evil. This was precisely what Japan was aiming at: her policy was to make the Allies and America unpopular and to bring about the withdrawal of the expedition, leaving her with a free hand to deal with the situation.

The British, French, and American forces were systematically kept from points of strategic importance. East of Lake Baikal every town and village of any importance was placed under Japanese control. Every railroad bridge and every road was guarded by Japanese, and every railroad station from Vladivostok to Chita flew the Japanese flag and no other. Manchuria was not included in the joint intervention agreement and Japan massed her troops there. The following extract from a confidential report to one of the Allied governments is interesting in this connection:

> All through south Manchuria the empire served notice on the Chinese, and in north Manchuria on the Russians, that the empire was on the move. Every town was decorated with flags, every house with electric signs celebrating the advance of the Japanese Empire into her new possessions. With the Japanese army came hundreds of merchants, from the heads of commercial houses down to their lowest agents. The Japanese population in Harbin increased in six weeks from less than 2,000 to probably 5,000. In Siberia, because of the greater area, the increase was not so noticeable. Japanese troops quartered in Harbin made house-to-house canvasses among the Russians, employing methods of a conqueror

[1] Ackerman, *op. cit.*, p. 233.

to secure buildings for the soldiers. The Japanese high command, practically, though never officially, placed the town under Japanese military law. The Japanese commercial agents immediately leased the shops of Chinese merchants, sometimes at the rate of a score a day, and brought in, in car-loads, Japanese goods. Larger firms bought out at exorbitant prices the Chinese in Russian flour-mills, the four principal electric-power plants in north Manchuria, the Grand Hotel, the only hostelries, except one at which foreigners could reside with any degree of comfort. They also attempted to secure, and may have succeeded, a concession to build street railways; they purchased at outrageous figures several of the largest timber concessions, belonging both to Russians and to other foreigners along the railway area.

The Japanese General Staff had to be informed whenever a soldier or officer belonging to any of the western nations arrived in Siberia, and no American, British, French, Italian, or Czecho-Slovak officer could move a man without informing the Japanese General Staff. On the other hand, the American and European officers were never informed of the movements of Japanese troops. The Japanese General Staff took great care to see that if the commanders of the non-Japanese forces sent men anywhere for special work a Japanese officer of higher rank was there. Thus, if the American commander sent a force to a particular place under the command of a major, the Japanese would send a general there to whom the American officer was subordinate. Japanese agents requisitioned horses and supplies of every description until it became almost impossible for the other armies to get anything at all. The Japanese controlled every strategic point in Manchuria and

Siberia. They held every caravan route and blockaded every port. Japanese war-ships filled Vladivostok harbor, their guns trained on the city most of the time. Japanese gunboats and monitors were sent up all the navigable rivers to the interior. Not a caravan could move, not a train be run, not a ship arrive or depart without passing Japanese inspection and securing Japanese permission.

Not an American officer who served in the Siberian expedition will deny these things. The scandal became so bad that the commanders of the armies of the western nations joined in a strong formal protest to the Japanese General Staff, according to a reliable report. It is certain that on November 2, 1918, Secretary Lansing very plainly told Viscount Ishii that Japan had gone too far and that she must withdraw as many troops as would be necessary to conform to the letter and spirit of the agreement covering the joint expedition. The situation was a very critical one during several days following that interview. In the end General Otani received instructions to send back the greater part of his troops. The first order was to return 35,000 and the second to return an additional 17,000. Later General Inagki, of the Japanese General Staff, called upon the American commander, Major-General Graves, and expressed the regrets of the Japanese for past practices, promising more hearty co-operation in the future. It is interesting to note in this connection that, although there had been no revision of the original agreement, on September 15, 1919, Secretary of

War Baker told the Military Committee of the House of Representatives that there were at that time 60,000 Japanese troops in Siberia, as against 8,477 Americans, 1,429 British, 1,400 Italians, and 1,076 French.[1]

The situation again became critical in January, 1919. Notwithstanding the agreement of November, when General Nakashima, who had been in charge of the Japanese intelligence service, was recalled, the old practices were renewed. Semenov was encouraged and supported in his opposition to Kolchak and the All-Russian government. This Cossack Ataman, who had so easily been corrupted by Nakashima, openly boasted that he owed allegiance to Japan. He not only refused to recognize the authority of Kolchak, but he was protected by the Japanese. Time and again Semenov's forces attacked the Czecho-Slovak troops, stopping their trains and looting them, and killing some of the soldiers. The commander of the Czecho-Slovaks vainly protested to the Japanese supreme command, and when his forces undertook to punish and disperse Semenov's murderous guerrillas they were forcibly prevented from doing so by the Japanese, who stopped their military trains. Japan was in fact making war upon the largest of the Allied armies in Siberia next to her own.[2]

In exactly the same way Japan corrupted and used another Cossack Ataman, the notorious Kalmikov. This bloodthirsty guerrilla warrior and his

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[1] *New York Times*, September 16, 1919.

[2] See Ackerman, *op. cit.*, pp. 244–245; Barrows, *op. cit.*, p. 930.

men fought against the Bolsheviki, it is true, but they fought against anti-Bolsheviki also. They robbed and terrorized the Siberian villages in such a shameful manner that the people would have welcomed the Bolsheviki in preference to these anti-Bolsheviki. Like Semenov, Kalmikov refused to acknowledge the Omsk government and was supported in this by Japan. He it was who executed without trial the Swedish representatives of the Red Cross. He it was who ordered American soldiers to be flogged, and who stole the supplies of our American Red Cross.[1] Says Lieut.-Col. David P. Barrows:

Kalmikov subjected Habarovsk and a portion of the Primorsk province to irresponsible military rule, both ferocious and repellent. He executed without trial a large number of reputed enemies, including Swedish citizens, representatives of the Swedish Red Cross, who, whatever their crimes, were denied trial. He firmly aroused the indignant protest of the American commander by ruthlessly shooting a number of prisoners within sight of the American quarters. He finally rose to such a height of insubordination that he defied the Siberian government at Omsk, the authority of the Minister of War, who had come to Vladivostok with the mission of ending local military dissensions, and during all this indefensible activity he had the encouragement and financial support of Japan. At the Ussurisk Cossack "Krug" in the month of November, 1918, Kalmikov unblushingly announced that he owed allegiance to no superior, and gratitude to no ally except Japan, who he admitted had paid his men, furnished his arms and equipment, and had supported him in his stand. The American commander, in an incident which arose out of the mutiny of some five hundred of Kalmikov's Cossacks, who

[1] *The San Francisco Examiner*, October 10, 1919, published an account of this by T. J. Edmonds, director of civilian relief for the eastern part of Siberia.

fled to American quarters for the protection of their lives, stood on impregnable ground when he refused to return these mutineers to a leader whose severities had disgraced the anti-Bolshevik and Allied cause.[1]

VII

Infamous as the military policy of the Japanese was throughout, their economic policy was even more discreditable. No great nation ever descended to lower depths of dishonor than did Japan in Siberia. Throughout the summer of 1918 there were alarming rumors that Japan was secretly negotiating with Germany, and that an agreement had been reached under the terms of which Japan was to be given control of Siberia from Lake Baikal to the Pacific. This was denied by the Japanese, of course, and the denial may have been made in good faith.[2] It is certain that in 1918 German diplomacy was making a strong effort to conclude some such agreement with Japan, and certainly the actions of the Japanese in Manchuria and Siberia were such as to create a general belief that the German effort was successful. It may be that Tokio did not listen seriously to such proposals from Berlin, but it is certain that if Germany had won the war, no power in the world could have forced Japan to relinquish eastern Siberia. Nearly every foreign journalist in Japan commented upon

[1] Barrows, *op. cit.*, p. 930. See also Ackerman, *op. cit.*, pp. 239–240.

[2] It is a fact, however, that during the secret negotiations with Russia, in 1916, Japan was suspected, by more than one member of the Russian Cabinet, of having already reached an understanding with Germany.

the fact that the catastrophic collapse of Germany stunned the leaders of the military party in Japan.

This judgment gives Japan the benefit of the doubt. It must be admitted, however, that the volume of evidence against her is very considerable. In April, 1919, the Chinese delegation to the Peace Conference made public an official despatch from Peking referring to a secret treaty alleged to have been concluded between Germany and Japan in which arrangements for upholding the latter's designs in China were made. This was the alleged secret German-Japanese treaty concerning which Senator Lodge made inquiries in the United States Senate on July 8, 1919. Prior to this action by Senator Lodge, the Russian Bolshevist Minister for Foreign Affairs, Tchicherine, gave out an interview positively asserting that such a treaty had been secretly concluded between the two powers in question. Later, on June 20, 1919, the Soviet government of Russia published an account of this alleged treaty, but not the text, stating positively that it was negotiated at Stockholm in October, 1918, by German Ambassador Lucius and Mr. Oda, the plenipotentiary of Japan. According to the statement, the German Revolution upset these arrangements.[1] In October, 1919, *Il Tempo*, of Rome, recognized as the mouthpiece of Signor Nitti, published what purported to be the full text of the German-Japanese treaty, stating, however, that it was negotiated "early in 1918."[2] According to the Italian journal, under the pretext of help-

[1] See the United Press despatch, Appendix I.

[2] See *New York Tribune*, October 27, 1919.

ing Russia, the two contracting powers agreed upon a virtual division of that country into two vast "spheres of influence." Germany was to have the support of Japan in establishing her paramountcy over European Russia and western and central Siberia, while Japan was to be given military and naval support in establishing her paramountcy in eastern Siberia and in China. Germany specifically undertook to give military and naval assistance, if required, against England and America, separately or together. The usually well-informed French weekly, *L'Europe Nouvelle*, commenting upon the disclosures by the Italian journal, confirmed them, and added on its own account that the treaty was actually concluded at Stockholm and had the support of the extreme monarchical element in Russia. The reader can form his own conclusion.

The Japanese systematically used their military position in Siberia to build up Japanese commerce at the expense of Russia and the Allies and America. There is ample evidence of this, and the Japanese, who are so ready to defend themselves, have made no serious attempts to deny it. The military trains, supposed to be used exclusively for and by the joint expedition, were very largely used to transport Japanese merchandise into Siberia. This merchandise was literally smuggled in with the connivance of the Japanese authorities. It was a common occurrence for train-loads of commercial wares from Japan to be sent from Vladivostok, marked as military stores, at the time when the armies of the joint expeditionary forces were de-

prived of necessary supplies on account of lack of transportation. Lieutenant-Colonel Barrows gives the following account:

> The peculiar military position occupied by the Japanese troops in Manchuria, Mongolia, and the Trans-Baikal also enabled the Japanese to carry out commercial enterprises little creditable to Japanese policy or common honesty. Japanese merchants, with the connivance of military authorities, carried on large importations of their wares over the railroads of Manchuria and Trans-Baikal in military trains. These wares paid no freight, unless it was to Japanese military authorities. The transportation system of the Siberian railroads had almost completely broken down. Russian merchants were able to move goods only by the payment of extraordinary bribes. Under these circumstances to employ rolling-stock, commandeered for military use, for importing private goods was an act of gross partiality and an abuse of Russian rights. These goods were sent in sealed cars which Russian authorities were not permitted to examine; they paid no duties to Chinese customs nor to Russian. The stores which sold these articles at such Russian cities as Tchita paid no licenses to the local Russian administration. The extent of this illicit trade can never be determined but by a revelation of the Japanese themselves. In December, 1918, the writer was sent to Tchita with the duty of investigating this condition, and the Japanese commander at this point admitted to the writer that these importations amounted to ten million yen. There is no doubt that the Russian population of Trans-Baikal needed these goods and welcomed the opportunity to secure them. Their need might have justified their introduction by military transport, but nothing can justify the secrecy and dissimulation employed, the evasion of custom duties, and the failure to conduct this traffic aboveboard.

Japan's methods in Siberia during this period were very similar to those adopted by her in China. There was the same system of organized smuggling

in the interests of Japanese traders, government and traders co-operating in defrauding a friendly but weak nation. There was the same unscrupulous use of the railway control to give preference to Japanese traders. In China it soon became evident that Japanese control of the railways meant that there were no freight-cars available for foreign merchants, but always cars enough to ship Japanese goods without delay. In Siberia there were not cars enough available for military purposes, and none for the commercial needs of the Russians—the great Siberian co-operatives, for example—but there were always cars enough for Japanese merchants. The following paragraph from the confidential report of one of the Allied governments, previously referred to, is worthy of note in this connection:

> The military arrogance of the Japanese in north Manchuria and Siberia was brought somewhat to a standstill, however, by the signing of the armistice. The advance of their troops was for the moment halted. Not so their commercial advance. During the period following the armistice and until the taking over of the Chinese Eastern and Trans-Siberian Railways by the Inter-allied Commission, the Japanese government freely employed its troops to further shipments of Japanese goods in Siberia, while the shipment of goods of other nationalities was absolutely prohibited. The Japanese government deliberately passed trains of commercial merchandise through Manchuria and into Siberia under the guise of military equipment for the troops, at a time when it was impossible for a merchant of any other nationality to secure even a car. I know of one instance when a wreck of a Japanese military train piled up seven cars contining goods only for commercial purposes, and an investigation disclosed that twenty-one cars, out of a total of twenty-nine, were filled with similar wares.

The practices complained of in this report were quite general and continued throughout 1919. The consular agents of the Allied governments have reported numerous cases of the kind, though for obvious reasons the reports have not been published. The following is from such a report, dated June 4, 1919, the name of the informant being omitted:

A large department store has been opened recently at Verkhne Udinnk by a certain Gdali Matusovich Itzkovich, a Russian citizen. The latter has informed Mr. —— that he has a capital of $8,000,000. Stock to the value of perhaps $50,000 has been laid in, and the merchant informed Mr. —— that it was composed of Japanese merchandise that had been shipped in Japanese military and Red Cross trains. Mr. —— stated that he had inspected the original packages and that these supported the above statement.

It was natural that Japanese trade with Siberia should grow rapidly during the war. According to the reports of various foreign consular agencies, Japanese syndicates acquired many mines, flour-mills, sawmills, brickworks, and other industrial establishments in the Maritime Province and in Trans-Baikalia, while numerous Japanese firms established at Vladivostok had their agents scouring the country for scrap-iron, hides, wool, bristles, soy beans, and other Siberian products.[1] On the other hand, Japanese products were sold and used in Siberia as never before. In so far as this progress was the result of legitimate business methods, there could be no objection to it. No sensible

[1] See, *e.g.*, *Weekly Bulletin*, Canadian Department of Trade and Commerce, October 28, 1918.

person wants to see Japan denied a fair chance to participate in Russia's trade. Indeed, the development of legitimate trade between Russia and Japan would be advantageous to both countries and conducive to peace. The methods described in the preceding pages are not the methods of legitimate business, however, but commercial brigandage of a very odious character.

The common people of Japan regard with particular contempt the *kaji-dorobo*—that is, the thief who takes advantage of a fire, while the police are busy, to ply his nefarious trade of robbery. The record outlined in the foregoing pages warrants the application of the term *kaji-dorobo* to Japan. Korea, China, and Siberia have been the victims of her unscrupulous and brutal aggression. The Prussia of the East is not less to be feared than her western prototype; her passion for aggrandizement is no less of a menace to peaceful and freedom-loving peoples. A union of the two Prussias would be a serious setback to civilization. The imperialistic scheme of a political and economic union of these two great military powers, using Russia as a bridge to link Berlin to Tokio, is more dangerous than the old menace of an empire stretching from the North Sea to the Persian Gulf, just as Pan-Asianism is more dangerous than Pan-Germanism.

VI

RUSSIA'S NEEDS AND RESOURCES

I

ADDRESSING the British-Russian Club in London on July 21, 1919, the Right Hon. Winston Churchill spoke of Russia in terms which ought to be graven upon the mind of every American. Declaring that if the five great Allied and Associated Nations had been able to unite upon a strong disinterested policy from the beginning Russia's problem would have been solved, the British statesman said: "Russia, my lords and gentlemen, is the decisive factor in the history of the world at the present time. . . . Russia, like all great nations, is indestructible. Either she must continue to suffer, and her sufferings will disturb and convulse the whole world, or she must be rescued. . . . The League of Nations is on trial in regard to Russia. If the League of Nations cannot save Russia, Russia, in her agony, will destroy the League of Nations. . . . You may abandon Russia, but Russia will not abandon you. . . . You cannot remake the world without Russia. You cannot go on into victory and prosperity and peace and leave that vast portion of the human race suffering torture in the night of barbarism."

In considering the Russian problem and its relation to the restoration of Europe it is necessary to bear in mind that Russia is neither a pauper nor a bankrupt nation. Millions of her people are in a state of semi-starvation; they lack food, fuel, and clothing. Babies and little children are dying of actual starvation. Notwithstanding these things, Russia is a land of plenty. She is not a pauper begging alms or bread. Rather, she is the victim of a terrible assault; she is like a strong man chained and unable to reach and take the bread at his side which was made by his own hands. Russia needs only to be unchained to feed herself; nay, more, when she is unchained she will provide food for other nations. It is true, of course, that as a temporary measure there must be some relief in famine-stricken districts. This need will be quickly met and Russia, liberated from the new serfdom which came upon her stealthily, disguised as the long-awaited freedom, will become self-supporting and strong.

The Allied and Associated Nations who waged war against the arrogant Prussian and his minions are deeply indebted to Russia. But for her sacrifices the Prussian jackboot would have trampled the freedom and self-government of those nations beneath its heavy heel. We may forget in the storm and stress of these bitter and anxious days, but the historian will remember and record that the onrush of the great Russian armies saved Paris and made possible the memorable and decisive victory at the Marne. It is no pauper mendicant we are asked to relieve, but a comrade in arms whose

valor and might saved us in a time of peril. Russian casualties in the war—not including prisoners—amounted to over 8,000,000, and of that number more than 3,000,000 were killed or died of their wounds.[1] Badly armed and equipped, lacking the economic strength of older civilizations, Russia saved the Allied cause again and again. She held a large part of the Teutonic forces when the battle-lines at the Marne were strained to the uttermost and when the thin line at Ypres had otherwise been smashed. She held in combat a great part of the German and Austrian forces while France held Verdun. But for the Russian struggle in the east the Prussian would have conquered in the west. To relieve the hunger and misery of those of her people who by reason of the breakdown of her transportation system are famine-stricken is a small return for service and sacrifice so great.

The great problem to be faced in Russia is the restoration of her economic life: industrial and agricultural production must be regenerated and trade with other nations resumed. This involves—in addition to emergency relief measures—the following program: (*a*) reorganization of the entire transportation system; (*b*) extensive industrial

[1] No absolutely accurate figures are yet available. General March, of the United States army, prepared a statement of the comparative losses in the Allied armies, which gave 1,700,000 as the number of Russia's death-roll. This estimate was admittedly based partially on despatches and correspondence of the Associated Press. The estimate is certainly far too low. A pamphlet issued by the Committee on Public Information, entitled *A Tribute to the Allies*, gave the number of Russian soldiers killed and dead from wounds as 3,000,000. This estimate corresponds to the estimates made by the most competent Russian military authorities.

development; (*c*) systematic promotion of agricultural production; (*d*) rehabilitation of the currency system; (*e*) expert technical assistance in organizing public health services, transportation, agriculture, and industry; (*f*) development of foreign commerce.

It is quite evident that this program can be carried out only if arrangements be made to extend extraordinary credit to Russia. For some time Russia's trade with the outside world must be done largely on a credit basis. The initial period of her regeneration involves conditions so abnormal that ordinary business standards cannot be applied to it. Russia is in the position of an embarrassed but perfectly solvent debtor whose assets are sound and ample, but who must be given an extension of credit or fall and in falling drag down the creditor. Russia's resources are so immense that there can be no question of the security of any loans or credits which may be necessary. It is obvious, however, that the restoration of production and transportation must precede exportation upon a scale large enough to approximate her imports. For some time to come, therefore, she must receive imports enormously in excess of her exports. It is a very simple problem: her present stocks of exportable raw materials, such as hides, lumber, bristles, and flax, while quite large[1] judged by ordinary standards, are relatively

[1] In August, 1919, the Soviet government in Moscow instructed its bureau in New York City to offer upon the market a great quantity of raw materials ready for immediate shipment from Russia. The communication stated, "We have here, ready for shipment, 432 mill-

small as compared with the imports needed. Given the credit necessary to cover this adverse balance, Russia can and will soon pay with exports which her creditors need.

It is very doubtful whether this problem of furnishing Russia with the necessary credit can be fully solved by the ordinary agencies of commercial enterprise. To solve it will require, in all probability, close and scientific co-operation of governmental and commercial enterprise. In other words, all that ordinary capitalist agencies can do will probably have to be supplemented by extensive state loans. From this point of view, the problem should be considered as an inevitable element of the business of bringing the war to a successful termination. In this connection it should be borne in mind that a very considerable part of the credit necessary is for machinery and goods to be supplied to the Russian government and to the municipalities. Take, for example, the reconstruction of the railways; the greater part of these are owned by the Russian government. It would seem to be a very proper and safe procedure for the United States of America to advance a very considerable loan to Russia for this purpose, just as we advanced loans to various nations during the war.

A very large amount of machinery and goods is

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ion pounds of flax, 216 million pounds of hemp, and a great amount of furs, bristles, hides, platinum, and unlimited amounts of lumber."

Instructions were given to purchase goods valued at 300 millions of dollars. These included railway material and equipment, agricultural implements and tractors, machinery and machine tools, boots and shoes, textiles, paper, cotton, and foodstuffs. Cf. *Soviet Russia*, August 16, 1919.

needed by the municipalities of Russia for street railways, public lighting, waterworks, the development of local transportation by land and water, and other vitally important public services. This involves a large amount of credit for which bonds of the municipalities will be given as securities. It ought not to be difficult to devise some method whereby these securities should be insured by the United States, so that their purchase by numerous small investors in this country would be facilitated. Indeed, governmental insurance might well be extended much farther than this. The British government has already provided means whereby its merchants and manufacturers in trading with south Russia can insure themselves against risk of loss due to the abnormal political and social conditions. The American government ought to adopt special measures to cover the extraordinary conditions of the moment and to enable American manufacturers and merchants to proceed with confidence to the development of trade with Russia to the limit of our capacity and resources.

The present economic situation in Russia is in many respects analogous to that which obtained in the United States after the Civil War. The rapid development of the United States was due to four principal factors. The first was the youth of the country; it was energetic and eager for work. The second was the abundance and variety of its natural resources. The third was the general acceptance of the democratic principle of equal right and opportunity. The fourth was the large amount of foreign capital which flowed into the

country after the Civil War, making possible the development of its natural resources.

Russia, too, has the energy and capacity of youth. The giant whose name is Russia cannot be crushed or permanently held down. No one will dispute the statement that the Russian people possess great latent power. Proof of this is found in the fact that under most unfortunate and incompetent government Russia has produced a wonderful culture. Russia possesses, too, abundant and varied natural resources of almost incalculable value. The human and material resources are, therefore, available. Russia also possesses that spiritual force which entered so largely into the economic development of the United States after the great conflict, namely, the passion for democracy. In this connection, it is important to bear in mind that, even under the old régime, Russia was fundamentally democratic in the sense that in no country in the world was the passion for democracy more generally diffused among the population, and also in the sense that in their relations with one another the every-day life of the people was essentially democratic. Of course, the great struggle that has gone on since March, 1917, has been essentially a struggle to establish democracy in government. This purpose once achieved, Russia will undoubtedly make rapid progress in reconstructing her economic life.

No more than the United States was able to do it will Russia be able to do without a very large amount of foreign capital. As we have already seen, in the thirty or forty years prior to the war,

English, French, German, Belgian, and Swedish capital was largely instrumental in building up Russian industry. We cannot expect that a great deal of capital from any of these countries will be invested in Russian industries in the immediate future. England, France, and Belgium, in particular, will need nearly all their capital at home. Germany, indeed, will struggle to possess and control Russia's industries. The same is true of Japan. In order to develop her industries and at the same time avoid falling under the domination of either or both of the two countries most dangerous to her, Russia must turn to the United States, which, during the war, has developed from being a debtor nation to a creditor nation. It will be of the greatest benefit to both countries for American capital to take the same part in Russia's industrial development as foreign capital once took in the industrial development of this country. American financial interests must prepare for financing Russia's industries and American trade interests must prepare for a very great trade with Russia.

II

In her soil, her natural resources, and her manpower Russia is the richest country in the world, the one which offers the greatest possibilities for foreign trade. England, France, Germany, and Japan are well aware of these possibilities. America alone seems in danger of not recognizing them. Before the war America supplied only an insignificant part of the $700,000,000 worth of Russian

imports. In 1913 exports direct from the United States to Russia totaled $25,000,000, and in 1914 $30,000,000. These figures, however, do not represent the real total imports of American products in Russia. A considerable amount of American produce entered Russia through English and German intermediaries. In this way the English and German middlemen managed to secure a large share of the profits of the scanty Russian-American trade. For instance, in the case of cotton, American statistics show the exportation of 84,941 bales to Russia, but Russian statistics for the same year show an importation of 568,500 bales of American cotton. The difference of 483,599 bales reached Russia through English and German intermediaries.

Even in such products as agricultural machinery, in which the United States pre-eminently excels, we have had only a very small part of Russia's trade, as the following figures show:

Year	*Total Value of Agricultural Machinery Imported into Russia*	*Value of Agricultural Machinery Imported into Russia from U. S. A.*
1910	$19,550,000	$5,191,904
1911	27,000,000	7,567,035
1912	25,600,000	5,826,000

During the war American exports to Russia naturally increased enormously. In 1917 we exported to European Russia alone goods worth $397,598,911. This included not merely war materials, but large quantities of agricultural implements, machinery and leather, automobiles, type-

writers, cotton, cordage, and locomotives. Just as we were beginning to develop the possibilities of this vast market the blockade intervened. For the eleven months ending May 31, 1918, our exports to European Russia had fallen to $116,705,-345, and by May 1, 1919, to $7,000,000. At the same time our trade with Asiatic Russia fell off in about the same way. The increase of our exports to European Russia from $25,000,000 in 1913 to nearly $400,000,000 in 1917 showed us very clearly the very great possibilities of trade with Russia.[1]

New Russia must construct an average of 10,000 kilometers of new railroad each year for a decade at least. According to the *Torgova-Promyshlennaya Gazette*, official organ of the Russian Ministry of Finance, this program will require more than twice the amount of steel rails and other metal products which Russia was able to produce in April, 1916. Since that time the immediate productive capacity has greatly fallen off. In addition to this imperative need for new construction practically the entire trackage has to be replaced. Of all the 46,600-odd miles of railway there is hardly a mile which does not need overhauling. The whole system has fallen into a state of dilapidation as a result of the war and the revolutionary struggle. To replace the outworn rails of the existing system, without taking new construction into account at all, would require a very considerable augmentation of the productive capacity of 1916.

Of course, this points to the necessity of such an

[1] Julius B. Fox, *New York Commercial*, September, 1919.

augmentation. There must inevitably be a very great immediate development of the iron and steel industry of Russia. To import all the iron and steel products required, without materially increasing her own production of them, would spell economic ruin for Russia. Any great development of her railway system, therefore, of necessity involves a parallel development of her iron and steel industry. Certainly there must for a time be an enormous importation of steel rails and other products of iron and steel used in railroad construction, including materials for building bridges. At the same time, to develop the iron and steel industry it will be necessary to import an enormous amount of machinery for blast-furnaces, rolling-mills, foundries, and so on.

This is only part of the minimum program imperatively necessary for Russia's economic rehabilitation, but it involves an outlay which must be estimated in billions of dollars. A billion dollars for the immediate restoration of the existing system, to renew rails, road-beds, and rolling-stock, is a very conservative estimate. New construction necessary during the next decade will require at least four billion dollars more. To equip the system with the necessary rolling-stock and keep it in repair will take not less than three and a half billions more. This means that in the next ten years Russia must spend upon her railways alone between eight and nine billions of dollars, fully half of which will have to be expended within two or three years.

It must be borne in mind that these enormous

expenditures will be partially offset by the new sources of income which they will open up. A scientific development of her transportation system, co-ordinating her railways and waterways, will greatly add to Russia's income by making accessible resources of almost incalculable richness. How vitally important to her economic life such a development of her transportation may be is clearly indicated by the line of railway constructed during the war connecting the Murman coast with Petrograd. The efforts of Germany to deprive Russia of this line show very plainly that this is thoroughly appreciated in Berlin.

The Murman coast—that is, the northern coast of the Kola Peninsula—though situated in the polar circle, presents a striking contrast to the other ports of the Arctic shores. The Kola Peninsula is affected by the Gulf Stream, which passes by the Murman coast on its way from the Gulf of Mexico to the coast of Novaya Zemlya. The moderating influence of the Gulf Stream can be judged from the fact that nearly all the Murman bays and gulfs are ice-free. The polar ice-fields are never carried to the Murman and navigation is kept open the year around without any difficulty. In summer the days are absolutely light during the whole twenty-four hours, while in the coast country in June the sun never disappears beyond the horizon. During the period of continuous polar night, from the 23d of November to the 9th of January, there is frequently such a brilliant aurora borealis that it is possible to take photographs by its light.

The Murman coast has also this advantage in comparison with the ports of the Baltic that its ports are nearer to England and America than Petrograd, for example. The route from England to the Murman, particularly from northern and western British ports, is approximately the same distance as that to Libau, and consequently shorter than the route to Petrograd. The route from New York to the Murman is shorter by a whole day than the one to Libau. Aside from economy in fuel as a result of the shortening of the trip when going by way of the Murman, the very considerable pilot charges incurred for transit through the Scandinavian straits are saved. Thus the Murman is valuable not only because of its ice-free harbors, but also because these make communication between Russia and northwestern Siberia on the one hand, and England and America on the other, much easier and cheaper than through the Baltic seaports.

To connect the Murman with the main railway system had been contemplated during many years. The scheme was not carried out, principally because most of the money available for railway construction was spent in the Far East. When the war broke out, and especially after Turkey had joined the German coalition, Russia found herself completely shut off from all her European harbors, and the government then decided to start the construction of a railway to connect the Russian railway system with Murman. There was a private railway line from Zvanka to Petrozavodsk. The latter city was therefore chosen as a starting-point

for the new railway, which ran through the Bay of Soroka-Kem-Kandalaksha-Murman, ending at Romanov on the Murman, a new settlement. From Petrograd to Zvanka is 144 versts, and from there to Petrozavodsk is 266 versts. Thence to the Murman coast port, Romanov, by way of Soroka and Kandalaksha is 978 versts, the length of the new line. The distance between Petrograd and Romanov is, therefore, 1,397 versts.[1] The territory through which the railroad passes is for the most part desolate and sparsely populated. It covers an area of about 220,243 square versts and has a population of about 179,000.

The Murman line was built very quickly, especially when we take into account the nature of the difficulties which had to be overcome. Under date of October 30, 1915, the correspondent of *The London Times* wrote the following account of this enterprise:

> Endless difficulties were encountered. . . . So, a short time after they had begun to lay the rails, the workmen were forced to abandon all work, as they were practically eaten alive by mosquitoes and gnats which appeared like dense clouds and gave no rest day or night. In another sector they struck solid bottom only at the end of June. Up to that time there stood water. In a sector 200 versts long, half of the road-bed rests in a swamp, from time to time water appears, and then the road is again shifted. No less great are the difficulties caused by granite rocks and mountains of stone, with deeply rooted gigantic fir-trees. Conquering all these difficulties, up to their knees in water or in deep sand, through mire and swamp, rocks and trees, Russian engineers and laborers are simultaneously, from both ends, constructing a railway which will at last give Russia a free outlet to a free sea.

[1] A verst is 0.663 mile.

Notwithstanding all these extraordinary handicaps, the line from Petrozavodsk to the shore of the Arctic Ocean, 987 versts long, was completed on November 3, 1916, having taken less than eighteen months. The cost of construction amounted to about 180 million rubles. Nearly all the work was done directly by the Russian government. The last northern sector, 120 versts long, was turned over to a group of English contractors, with Lord French at the head. This undertaking proved a failure and the greater part of the work on this sector also had to be completed by the Russian government.

The construction of the railway from Petrograd to the Murman coast makes possible the colonization and exploitation of a rich territory. Says *The Russian Economist:*

> The colonization of this rich territory may bring forth its great natural wealth. Economists who are acquainted with the Murman point out, among other things, its tremendous grass meadows, covering a colossal area. These could serve as pastures for millions of cattle. According to the calculations of Christianovitch, this wealth of grass, used for feeding cows, could annually produce butter worth one billion rubles in gold.
>
> However, the greatest natural wealth of the country lies, aside from its immense deposits of mineral ores, in its water. The streams and lakes abound in all kinds of fish. There is a wealth of shell-fish, and the railroad opens up great possibilities for the development of this branch of fishery.
>
> Among the natural resources of the territory may also be mentioned its abundance of waterfalls. Those on the Paz River could furnish a tremendous amount of power.
>
> The chief occupation of the inhabitants is fishing, but the entire local yield represents only an insignificant part of the

wealth that could be derived from proper development of the fishing industry.

All this wealth lies dormant, and is only waiting for men of enterprise and for the application of human labor.[1]

Having deprived Russia of the ports of the Black Sea and the Baltic, so vitally important to her economic life, Germany sought also to deprive her of this port on the Murman coast. After the shameful Peace of Brest-Litovsk Germany continued to maintain very close relations with the Lenin-Trotzky régime. It is the almost universal testimony of competent observers, Russian and foreign, that the German Ambassador at Moscow, Count Mirbach, exercised very great influence upon Russian policy, both domestic and foreign. It was Mirbach who was primarily responsible for the systematic dismemberment of Russia and the sacrifice of her ports and outlets to the sea. This was the traditional German policy, of course. Taking advantage of Russia's weakness, instigated by Germany and supported by German bayonets, Finland laid claim to the western strip of the Murman coast with its outlet to the sea.

In May, 1918, the Bolshevist Commissary for Foreign Affairs, Tchicherine, addressed a note to the German Ambassador, Count Mirbach, saying that his government agreed "to accept the plan proposed by Germany to regulate the relations with the Finnish government." Russia agreed, he said, to cede the western strip of the Murman coast in return for Fort Ino and Raivola. Fortunately for Russia, the British prevented the carrying

[1] *The Russian Economist*, July 7, 1919.

out of this plan, which would have robbed Russia of one of its most important assets. In June, 1918, an English force landed at Port Romanov and concluded an agreement with the local Bolshevist Soviet, which was in revolt against the policy of the Bolshevist government in so far as it related to Finland's demands. The struggle for the Murman coast is not yet ended, but the plan of the Germans and their Russian Bolshevist tools has been frustrated. It is quite clear that the Germans have understood fully the close dependence of Russia's future economic independence and prosperity upon the development of her transportation system. That is the key to the whole problem.

From this point of view the waterways are almost as important as the railways. One of the many serious crimes of the old régime was its failure to develop these waterways properly. It was indeed a stupid blunder, so much worse than a crime in government. Russia is probably more richly endowed with inland waterways than any other great nation. Peter the Great perceived this fact and its importance, but most of his successors were less wise. The great systems of inland waterways of Russia, as she was constituted prior to the Revolution of 1917, aggregate more than 200,000 miles. Careful development of these upon scientific lines would not only vastly increase the transportation facilities of the country, but also furnish an immense amount of water-power for industrial purposes.

Until a few years before the World War broke out, during at least fifty years the Russian govern-

ment neglected this most important asset. Little was done to develop inland navigation; indeed, existing canals were shamefully neglected. We have here an illuminating example of the unlooked-for ways in which government ownership of railways may, unless great care is exercised to prevent it, obstruct progress. The neglect of Russia's waterways resulted directly from the ownership of her railways by the state. The Russian government was actually afraid that the extensive use of the rivers and canals would injure the railways and reduce their profits. This was a very short-sighted and mistaken view, of course, but it was characteristically bureaucratic. In point of fact, every inland waterway inevitably becomes a feeder to the railroads. In the interest of the railway system as they conceived it, the bureaucrats of the old régime dealt with the waterways of Russia in the most niggardly fashion. The annual expenditure upon the waterways of the Russian Empire averaged, in the period 1907 to 1917, $4,000,000. For the maintenance of the enormously valuable and important inland waterways of Siberia the annual expenditure in the same period averaged about $250,000.[1]

The war brought home to Russia the great importance of these inland waterways and the necessity of developing them. In 1917 the Ministry of Ways and Communications presented a plan for dealing with this problem. It was proposed to reconstruct and repair existing waterways and canals and to construct a number of new systems

[1] Goldstein, *op. cit.*, pp. 39–40.

by deepening rivers and connecting them by means of canals. It was proposed to more than double the inland navigation facilities. In the first six years, 1918–23 inclusive, it was proposed to spend on this work about a billion dollars, and a like sum in the next six-year period. To carry out this program now would require at least twice this expenditure: Russian economists of to-day regard $4,000,000,000 to be spent on inland waterways during the next decade as the irreducible minimum. For carrying out such a scheme as that proposed Russia would require a very considerable amount of machinery.

Such a comprehensive development of inland navigation would very profoundly affect the economic life of Russia. By means of canals it would connect into an organic whole the most important water systems; it would provide cheap transportation for heavy and bulky goods from the interior to the seaports; it would promote colonization and the exploitation of districts rich in natural resources now neglected by reason of their isolation; it would make possible the use of the rivers and waterfalls for the development of electric power for industrial purposes.[1]

III

Nothing like a scientific survey of Russia's industrial needs has yet been made, so far as the present writer is informed. Numerous Russian writers have discussed the subject, and the con-

[1] See Appendix F.

tributions of some of them are of very great value; none has succeeded thus far in making a comprehensive scientific survey of the problem. Perhaps this cannot be done; the statistical data available are rather limited, to begin with; furthermore, when we come to deal with general industrial development, the element of speculation is too large to permit anything like an exact budget. One of the most interesting estimates yet made appeared in a statement made in August, 1919, by a prominent Bolshevist official, Milyutin, vice-president of the Supreme Council of National Economy. This statement, a translation of which was published by a French Socialist organ, *L'Humanité*, was a comment upon an official message of the Soviet government concerning Russia's needs and available resources, an argument for the removal of the blockade of Russia by the Allied governments.

According to Milyutin, the most important needs of Russia, even more important than railway equipment, are industrial machinery and agricultural implements and machinery. "Although the industry of Soviet Russia is attempting to increase its production of agricultural implements and machines, 80 per cent. of the number required may still be filled by importations from abroad," he wrote. Evidently, therefore, this Bolshevist official sees no hope that Russia unaided can produce more than 20 per cent. of the agricultural machinery and implements required. Milyutin's statement goes on to say, "The government is at present concentrating in its hands three thousand factories selected from among those which are most

important, representing, from the point of view of production, 90 per cent. of the industry." This refers, of course, to the nationalization of the industries by the Soviet government, and lends especial significance to the following admission: "These enterprises are in a sad state, as, for instance, those of the electrotechnical branches, the mines, and a number of textile combines, each including from five to ten concerns. The national industry has in its possession a sufficient quantity of raw material, except in the matter of cotton. *As far as the machinery is concerned, as well as replacing detached parts and accessory materials, its needs, according to the plan drawn up by the Supreme Council of National Economy, would amount to 25 milliards of rubles.* The Russians also feel a lack of medicaments and of chemical products of other kinds, as well as of automobile motors."

The estimate that machinery and implements to the value of 25,000,000,000 rubles, or twelve and a half billions of dollars, are necessary to meet Russia's needs must be considered in the light of the aim of the Soviet government. That aim is to provide for the wants of the Russian people themselves, not to develop Russia capitalistically. The latter would require a much more extensive industrial development. Unfortunately, no details have been published of the plan of the Supreme Council of National Economy referred to by Milyutin, so it is impossible to judge the value of the estimate that he makes. It is significant, however, that this responsible Bolshevist authority should estimate that twelve and a half billions of

dollars is needed to provide the machinery for industrial and agricultural development, in addition to the enormous sum required for transportation and for other purposes. There can be no doubt that Russia is the world's greatest open market for machinery and manufactured goods.

The electrotechnical industry of Russia is in its infancy as yet. For the purposes of this discussion this industry may be regarded as being divided into two branches, namely, the production of electrical energy and the production of electrical machinery, apparatus, and accessories. According to a report made by Prof. A. A. Voronoff, of the Central War Committee in Petrograd, in January, 1917, there were in Russia in 1913 about three hundred central stations for the distribution of electrical power and over nine thousand special stations—that is, stations serving a single industrial establishment or municipality. The total production was about 1,900,000,000 kilowatt hours, 400,000,000 being consumed for lighting purposes and 1,500,000,000 for motor power. It is certain that the use of electric motor power for industrial purposes was very greatly increased during the first three years of the war, but, unfortunately, there are no available statistics on the subject. Professor Voronoff is one of the foremost authorities on the subject in Russia, and his statement that a very large development of the electrotechnical industry of Russia is inevitable can be accepted as authoritative and reliable.

Before the war this important Russian industry was very largely in the hands of the Germans.

The production and distribution of electric power was mainly carried on by German capitalists. Naturally the domination of the power stations by German capital resulted in the trade in electric machinery and accessories being nearly a German monopoly. The four principal manufacturers of electrical machinery in Russia were Siemens-Schukert, General Electric Company, Siemens & Halske, and Duflon, Konstantinovich & Co. These companies made practically all the generators and transformers produced in Russia, the first two companies named producing two-thirds of the whole. Of the four companies named three were simply Russian branches of German concerns, the last named, the Duflon-Konstantinovich firm, being French.

These factories were quite unable to meet the demand for generators, transformers, and other electrical machinery even before the war. It was necessary, therefore, for Russia to import motors and transformers of small capacity as well as electrical materials in bulk. Most of this trade went to Germany, of course. Thus in 1912 Russia imported 288,500 poods of electro generators, motors, and transformers. Of this total, 250,000 poods were supplied by Germany. This does not tell the whole story, however, for practically all the parts used in the Russian factories, such as insoles, convertible plates, dynamos, and so on, were also supplied by Germany. Practically all the measuring instruments and meters used in the electrotechnical industry of Russia were of German manufacture. None was made in Russia, and of

the importation of such articles in 1913, valued at 1,452,000 rubles, those supplied by Germany amounted to 1,422,000 rubles.

According to the report of Professor Voronoff, from which these figures are taken, of all the materials, accessories, and fittings used for electric installation, such as sockets, wire-work, switches, and so forth, imported by Russia in 1913—valued at 6,602,000 rubles—Germany supplied 93.5 per cent. Very few incandescent lamps were produced in Russia, almost all those used being imported. In 1913 the value of such lamps imported was 4,916,000 rubles, of which German and Austrian manufacturers supplied all except about 60,000 rubles' worth. Subsequently factories were established in Russia for the production of these lamps, so that there was less dependence upon importation. The factories were started by Germans, however, and for all the filaments used the industry remained dependent upon Germany. These figures show very clearly that Professor Voronoff was justified when he described the electrotechnical industry of Russia as being in a state of vassalage to Germany.

A correspondent of a well-known Dutch newspaper, the *Algemeen Handelsblad*, writing in the summer of 1919,[1] called attention to the fact that the complete dependence of Russia upon Germany for a number of vitally important industrial prod-

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[1] A summary of the article, forwarded by Trade Commissioner Arthur H. Redfield, The Hague, Holland, was published in *Commerce Reports*, by the United States Department of Commerce, September 15, 1919.

ucts stimulated industrial development in the early part of the war. If France or England had held Germany's position in Russian industry and commerce there would not have been the same incentive to become self-sufficient and independent. The Revolution not only prevented the continuation of this development; it destroyed much of the gain made under the stimulus of war's demands. We are told by this Dutch observer:

With strong support on the part of the government a great number of new industrial enterprises arose. A venture was even made to manufacture electric incandescent bulbs. The capacity of the new factories was by far insufficient to satisfy all the requirements of Russia, but the foundation was laid for many new branches of industry. Unsettled conditions, however, have crippled all industry since that time. With the rejuvenation of Russia the national industry must be revived anew.

It is a noteworthy fact that in Russia the very branches of industry which should be of the greatest importance to the country are entirely neglected. Russia possesses no large factories for making agricultural machines and implements. It must even be confessed that no scythes are made in Russia. The ordinary plow with one share is made in two factories—one in Riga and one in Kharkov. The attempt that was made by the locomotive works at Kharkov to manufacture other agricultural implements has proved a total failure, in spite of the large sums of money that were spent. Year after year this branch of the industry was worked with considerable loss, which exercised a very detrimental influence upon the dividends of an otherwise profitable factory.

For several years there has been a scarcity of agricultural machinery, and even of the simplest agricultural implements, in Russia. Austria and Germany formerly supplied each year a large number of scythes. English implements were also bought, but in spite of their better quality they were less in

demand, because they could not compete with the Austrian and the German articles either in price or in terms of payment.

Then came the great war, which affected the import trade with the adjacent countries. This had an immediate influence on the price of agricultural tools, which rose rapidly. Wholesalers had no stocks, and there was no domestic production. Every one thought only of war material and war orders; no one thought of the production of agricultural implements. Even the locomotive works at Kharkov turned its plant for making agricultural tools, now working at a loss, into a profitable munition-factory. During the Revolution much of the equipment of the large estates was destroyed, so Russia now faces a total lack of farm implements. How great this lack is at present may be seen from the fact that in the summer of 1918 150 rubles apiece was paid for ordinary scythes, and even broken or blunted scythes were sold for 75 to 90 rubles apiece.

IV

Colossal as some of the economic demands of Russia herein indicated are, they indicate only partially the scope and character of the program essential to anything like a reconstruction of her economic life. There are many other needs to be met, some of them not even indicated in this summary. There is a crying need of clothing and shoes, for example. Cotton is also needed in large quantities. Not only have the large imports of cotton from America been cut off for a long time, but the great cotton-fields of Turkestan have been practically ruined. For these things Russia turns to America, the only country able to supply them.

At the same time, it is of very great importance to Russia that this trade be direct, and not dependent upon intermediaries. In the past Germany

acted the part of middleman and parasitically exploited Russia's trade with America and other nations. The consular reports of England and the United States bear eloquent testimony to this. The following extracts are from American consular reports of late 1914 and the early part of 1915:

A notable example of large profits made in the intermediary trade is that of Markt & Co., of Berlin, and Anton Ohlert. The first-named firm does a business of about ten million rubles a year in Russia, principally in American automobiles and all sorts of American notions and fancy-goods, buying in America for cash and selling in Russia on long credits. The firm of Ohlert does about half the business on the same lines. As an illustration of the large profits made, it may be mentioned that an American razor strop with "Price 50 cents" stamped on it sells in a well-known shop in the Newski at two and a half rubles, or a dollar and twenty-five cents. When it was pointed out that that was two and a half times as much as the stamped price, the reason given was that the goods came *via* Germany, that the Russian firm paid considerably more than fifty cents originally, and had to pay the freight and duty besides. This strop is supplied by Markt & Co. to Russian dealers.

. . . .

All American cotton is imported into Russia by way of Bremen, in spite of a direct line of steamers which before the war sailed from Libau to New York. Bremen maintained a direct line of steamers to Galveston, Texas, and to New Orleans, and the Bremen importers sold cotton to Russia at a profit of from a quarter to a half-cent a pound, besides making an additional profit on the freight, insurance, and reloading. The same applies to cottonseed oil.

. . . .

American machine tools, it seems, were practically a monopoly in the hands of the German firm of Schuchardt & Schutte,

whose turnover in Russia amounted to six or seven million rubles a year. This firm paid for the American machine tools in New York, carried a stock in Petrograd and Moscow, and sold them here at enormous prices. For instance, an ordinary gear-headed lathe which sells in America for $600, or 1,200 rubles, appears on the price-list of Schuchardt & Schutte at 2,700 rubles. Allowing 50 per cent. for freight and duty, which is very high, Schuchardt & Schutte made a profit of 900 rubles, or $450, on a $600 machine. Needless to say, German machine-tool works could easily compete. The same applies to lathe and wood-working machinery.

. . . . . .

The Vera Company, of Berlin, imports American boots and shoes from Rice & Hutchins, Lynn, Massachusetts, and sells in Russia over one million rubles' worth a year, at a profit of over 10 per cent. net, and not a single American manufacturer so far as known has ever made the attempt to sell goods direct to Russia in spite of the big field.

. . . . . .

At a meeting of the Russian-American Chamber of Commerce which took place on April 23, 1915, one of the members read a report on the conditions of the leather industry. It appears that in this respect, as in others, Russia has been dependent on Germany, which obtained its supplies of cheap raw materials from Russia, and on the other hand sold to Russia dressed leather and expensive tanning extracts. He said it is important to note that the tanning extracts were supplied to Germany by America, the former country making a profit of 100 per cent. and more on the reselling of the same.

The principal articles of export from Russia are hides, Russian linens, flax, wax, linseed, hemp, soy beans, sunflower seeds, buckwheat, and rags, all of which articles go to America *via* Germany. German exporters have their men on the spot who buy up these articles at the most favorable times, frequently hold them in warehouses until the time is most propitious in America, and then export them to that country. In consequence American manufacturers who are in need of these

raw materials pay considerably higher prices for them than they would pay if they bought direct. Even in the extreme East the export trade is in the hands of Germans. The firm of Kunst & Albers in Vladivostok ship hides, furs, and soy beans to Hamburg, and thence tranship them to America, and are said to have made millions in this trade in the past few years.

It is of the highest importance that Russian-American trade be emancipated from this parasitical domination and exploitation. This is not an exhortation to make economic war upon Germany. No obstacle should be placed in the way of Germany to prevent the development of legitimate trade between her and Russia. To trade freely, upon equal terms with all nations, is her right, and the proper exercise of that right will be beneficial to Russia and to the world at large. In the past, however, Germany's commerce with Russia has been a form of warfare directed against Russia and every other great commercial nation. Restoration of the old economic relations would inevitably perpetuate, in an intensified form, Russian fear and hatred of Germany. Soon or late the war of Slav and Teuton would break out afresh. No greater service can be rendered to Russia in the critical days ahead than to make her trade with America as extensive as possible, and, at the same time, wholly free from German exploitation or domination.

To do this American manufacturers and traders must adopt new methods. They must take the trouble to understand Russia and the Russian people. Although the economic predominance of

Germany in Russian commerce was largely due to such unfair advantages gained by political pressure as the Russian-German Commercial Treaty, and to unscrupulous methods, it must be admitted that much of it was the legitimate result of superior business methods. No one can read the British and American consular reports for the ten years preceding the war without realizing this fact. Because England was Germany's chief competitor in the Russian market, it is worth while comparing the commercial methods of the two countries.

It is the universal testimony of competent observers that goods of English manufacture were almost invariably better than similar goods of German manufacture. They were not able to meet the competition of the German-made goods, however, for the easily understood reason that the latter were cheaper and generally made according to Russian designs. The British took no account of the low purchasing power of the Russian people; they made goods of standard quality. The Germans, on the other hand, sacrificed quality to cheapness. They did not at all mind the taunt that German goods were "cheap and nasty." The British made goods for Russia exactly like those intended for the home market. The Germans took pains to please Russian tastes. When a British manufacturer or merchant sought to do business with a Russian concern, no attempt was made to use the Russian language, except in very rare instances. Letters were written in English, thus placing upon the recipient the necessity of translation. Prices were generally quoted in English

money, not Russian. Catalogues were sent to Russia printed in English and quoting prices based on English measures in English money. Salesmen were rarely sent and few of those sent could speak Russian. The Germans, on the other hand, made it as easy for a Russian to trade with them as with Russians. Their letters to Russian clients were written in Russian; their catalogues were printed in Russian, and prices were quoted in Russian money and based upon the Russian system of measuring. Thus, instead of quoting copper wire at so many pounds, shillings, and pence per English "hundredweight" of 112 pounds, the Germans quoted it so many rubles and copecks per pood. The Germans sent numerous salesmen into Russia, all of them able to speak Russian with fluency and ease.

Of course, it will be said that this superiority of method was the natural result of the geographical situation; that Germany, as a near neighbor, was in a position to do these things better than any other country could hope to do them. Those who are inclined to be satisfied with this explanation should bear in mind that in South America Germany has shown the same superiority over the United States. Change the words "Russia" and "Russian" in the foregoing paragraph to "South America" and "South American," and the words "England" and "British" to "United States" and "American," and the result is a true picture of the different methods employed by Germany and America in the Latin countries of South America.

In dealing with Russia, British and American

firms rarely were willing to give the credit which is a Russian trade custom. They insisted on cash on delivery f.o.b. This meant that the Russian buyer must pay for the goods six weeks, or even two or three months, before receiving them. German firms were always ready to give the credit asked for; the whole banking and commercial system of the country was organized to that end. Every large Russian city had its German commercial agency through which any German manufacturer or merchant could secure information as to the credit of a prospective Russian customer; through the same agencies credit transactions could be arranged. Upon this point an American consular report, dated December 28, 1914, makes interesting reading. It says: "American firms could obtain information as to credits only at great expense and with great delay, and the information going through the German agency was not always given with a view to safeguarding American interests. In consequence American manufacturers insisted, when dealing with Russian buyers, on cash with order. The Russian merchant, however, will agree to such terms only when he cannot get the goods from any other source."

It is quite evident from the foregoing that it is not simply a question of supplying Russia with a vast amount of capital and goods. Quite as necessary as these is the adoption of a new attitude in our commercial relations with her. It is extremely important that American manufacturers, merchants, and financiers learn to understand Russian psychology and business methods. We

must in this copy Germany's example. It is to our interest to co-operate with Russia in the reconstruction of her economic system, just as it is to the interest of Russia. Fortunately, this mutual interest of the two nations coincides with the general interest of mankind.

V

In addition to capital, credit, machinery, and goods, Russia needs the services of tens of thousands of experts. To rehabilitate her currency system she will require the assistance of many financial experts. The restoration and development of her transportation facilities will call for the assistance of numerous engineers and transportation experts. In order to develop the production and distribution of electrical energy for industrial purposes, she must secure from abroad the services of thousands of technical advisers, supervisors, and managers. Other experts will be needed for the development of her mines and forests, the improvement of her agriculture and stock-raising, and for planning and carrying out the numerous municipal enterprises essential to her life and progress. In short, Russia needs technical experts of every kind. Probably no country in the world will offer so many opportunities for useful and lucrative employment to trained and competent men.

Nor must we overlook the tragic fact that the ravages of disease and hunger during the long years of war and revolution have left Russia with an enormous problem of reclaiming and regenerating

her human resources. For this she needs immense quantities of medicines and drugs and a small army of doctors. In September, 1919, the Russian Political Conference at Paris addressed the Red Cross societies of Europe and America on behalf of the unfortunate victims of starvation and disease in Russia. The appeal, which was signed by Prince Lvov and Messrs. Serghei Sazonov, N. Tchaykovsky, and B. Maklakov, said:

Ruined by the war and anarchy, Russia is dying a slow death. Unemployment, famine, typhus epidemics, and other contagious diseases carrying in their wake frightful mortality, and the pitiless massacre of the peaceful inhabitants, such are the terrible scourges which are literally wiping out the population of Russia.

According to the communication of Lord Kilmarnock, which was published in the English *White Book* of January 21, 1919, "nearly the whole population of Moscow was suffering from starvation." M. Alston communicated to Secretary of State Balfour on January 2d: "Three-fourths of the population of Moscow is slowly dying. Typhus and tuberculosis are spreading faster and faster, and the masses of the people are in no position whatever to obtain necessary medicaments even at high prices."

According to another report emanating from Petrograd: "The famine in this city is making great strides. All products and foodstuffs are disappearing with remarkable rapidity, and the epidemics of typhus, smallpox, and glanders are raging cruelly."

In the same *White Book* of the British government there appears the following picture of the situation in Moscow during the month of February: "What is worst of all is the fact that the disease of glanders is beginning to spread among the population. The danger of the spread of this terrible malady has become so great that the Bolshevist authorities have commenced to exterminate the unfortunates stricken with this disease by shooting them, purely and simply. And under such

terrible circumstances there is hardly any medical aid to be gotten, the supply of medicaments is very insufficient, and often there is a complete lack of medicines."

According to the report of Doctor Dolgopolov, a member of the Kuban government, in the Kuban territory alone, in four and a half months (from January to June of the current year) almost 54,000 persons have died from abdominal typhus. Moreover, the scarcity of medical means was so great that most serious surgical operations were performed without chloroform or other anesthetics, and the sick among the more cultured classes were dying in numbers on account of lack of bandages, of which there were none to be had.[1]

An appeal by the Russian Red Cross to the Red Cross societies of Europe and America, signed by Count Paul N. Ignatiev and others, issued at the same time as the foregoing, said: "Civil war is in full swing in our country. The wounded are counted by tens of thousands. The fields and villages are devastated and contagious diseases are raging with a violence that recalls the dark epoch of the Middle Ages. These diseases, if unchecked, may in the near future cross the borders of eastern Europe."[2] Russian Bolshevist organs published during the summer of 1919 numerous articles describing the epidemics of typhus and smallpox. For example, the *Ekonomicheskaya Zhizn* stated that in the hospitals in Moscow the *average death-rate among women in the maternity wards had risen to 80 per cent.* "Owing to underfeeding, they cannot stand the pains of labor. *The death-rate among new-born infants is 90 per cent.*" Some idea of the epidemics may be gathered

[1] Published September 6, 1919, in *La Cause Commune*, the French-Russian weekly edited by Vladimir Bourtzev.

[2] *La Cause Commune*, Paris, September 6, 1919.

from the following paragraphs from a distressing account published in the Bolshevist journal just quoted:

All kinds of epidemics are raging, and spotted typhus carries away most victims. On April 1st the Moscow hospital contained 8,486 spotted-typhus patients, and cases are on the increase. In January there were 6,820 cases, in February 9,829, and in March 12,985. From October 1st to April 1st 5½ per cent. of the medical staff attending typhus cases died.

Besides spotted typhus there is a great deal of smallpox all over Russia. Owing to the use of horseflesh, there have been cases of glanders among people, which are generally fatal. There are already signs of cholera. The percentage of nervous cases is far greater than during the war. Hospitals for nervous diseases have long been overcrowded, and at present the Soviet authorities are trying to find new premises where lunatics could be isolated.

A memorandum published in a British parliamentary report in 1919 says: "Underfeeding is having its effect, and the epidemics of typhus, smallpox, and influenza are spreading rapidly. In the Obukhov hospital during December (1918) the mortality amounted to 14,000. During that month the population of Petrograd fell by 105,000. Next to disease and famine, the absence of fuel is the worst scourge. All this presses terribly upon the prisoners, who are now thrust eight into a cell intended for one person, and fed upon putrid herring and soup made from potato peel. Typhoid, smallpox, and influenza cases are left in the same cell with uninfected persons, and in the quarantine cells eight to ten patients lie together." [1]

[1] *A Collection of Reports on Bolshevism in Russia;* abridged edition of Parliamentary Paper, Russia No. 1. Document No. 59, p. 82.

On January 2, 1919, Mr. Alston telegraphed to Mr. Balfour from Vladivostok concerning conditions in Moscow and Petrograd. Of the former city he reported, "Every day typhoid and tuberculosis are increasing, and ordinary populations are quite unable to procure medical supplies even at the most outrageous prices." Of conditions in Petrograd the despatch said: "Owing to there being less food even than in Moscow, the death-roll from disease is much higher. This is also due to the fact that, without being buried, corpses of horses, dogs, and human beings lie about in the streets. Cholera took a heavy toll in the summer, as all the canals were polluted with decomposed bodies of men and animals." [1]

These are only a few typical reports by witnesses of the highest competency, chosen from among hundreds. They make quite plain why Russia must call upon the outside world for extensive, well-organized medical and sanitary aid. There are not doctors enough in Russia to do the medical work required; there are very few sanitary experts in proportion to the vast work to be done. Millions of Russian children will need special care and treatment to overcome the baleful effects of the malnutrition of which they are the victims; millions of men and women must be restored to health before Russia can recover.

There is another grave problem to be faced, namely, the frightful prevalence of venereal diseases. This problem has assumed alarming proportions during the past five years. Notwithstanding the

[1] *A Collection of Reports on Bolshevism*, Document No. 16, p. 30.

terrible experiences of 1904–05, in the war with Japan, and the great increase of venereal diseases and sexual vice which followed that war,[1] the year 1914 found the Russian military authorities wholly unprepared to cope with the peril by any well-conceived prophylactic measures. An army vaster than any ever before mobilized was left unprotected. Practically no attention was paid to this important subject; men suffering from venereal diseases were not segregated, but admitted into the barracks and camps, spreading infection far and wide. Little attempt was made in the early stages of the war to restrict the number of prostitutes in military centers or to regulate their activities. As a result of this neglect venereal diseases spread to a most alarming extent. In some regiments more than 90 per cent. of the men were infected, many of them by accidental contact. In many villages and towns venereal diseases have spread to more than 95 per cent. of the population. They have become endemic and no longer depend upon sex vice.[2] As far back as 1899 it was pointed out that 80 per cent. of the syphilis among the rural population of Russia was due to accidental contact and not to personal vice.[3] To combat this black plague successfully Russia must be given

[1] See, *e.g.*, the article by Professor Asnurof, "La Crise Sexuelle en Russie," published in *Archives d'Anthropologie Criminelle*, April, 1911.

[2] "In some villages the syphilization of the entire population has been accomplished, and the disease is equally distributed among men, women, and children, most of the infections being extra-genital."—*Syphilis and Public Health*, by Lieut.-Col. Edward B. Vedder, A.M., M.D., p. 31.

[3] *Conférence Internationale, Bruxelles*, 1899; Enquêtes 1, p. 264.

a great deal of help both in the form of drugs and medical service.

These are suggestions merely; no attempt is made to give anything like a comprehensive survey of the extent of Russia's need of expert service. These suggestions, however, will suffice to make it quite plain that the reconstruction of Russia will call for the services of many thousands of highly trained specialists. Whether this demand is supplied by Germany and Japan, or by America and other western nations, is a question of the highest importance. It can hardly be doubted that both Germany and Japan will be eager to supply Russia with all the experts she needs for her industries and her social services. Both nations will be equally ready to grasp such a splendid opportunity to influence the public opinion and the political life of Russia during the next few years. It is not difficult to comprehend this; tens of thousands of educated men, widely distributed, all holding important positions, would necessarily be a propagandist force of the highest value, influencing Russian opinion in favor of the nation or nations to which they belonged.

Just such penetration played an important part in Germany's domination of Russia before the World War. It is fairly generally known that in July, 1914, Germans were in charge of the principal factories in Russia, the very factories upon which Russia was dependent for guns and munitions. Many of these factories were crippled simply by the withdrawal of the German managers, foremen, and technical experts. Consciously and otherwise, these

Germans had for years been creating pro-German sentiment in Russia.[1] If it becomes necessary for Russia to rely upon German experts in the future as in the past, she will be subject to a much more extensive—and, therefore, more dangerous—pro-German propaganda. If she is forced to rely upon Japan, naturally the influence of the Japanese will be correspondingly increased. In other words, if either or both of these two nations should supply the technical experts and specialists needed by Russia, their influence would of necessity, and in the main, tend to link the life of Russia to reactionary militarism and all that the term implies. It is of the highest importance that this be prevented, if possible, and that Russia be linked to the more democratic western nations, and to the United States in particular. This is equally desirable for Russia and for America. Political consequences of very great and vital importance are involved.

VI

Thus far we have considered only Russia's most pressing needs, with only passing reference to her resources. We must now turn to a consideration of these, for it is as a customer we must regard

[1] "In visiting the business houses or industrial establishments in Russia, whom do we find as managers, foremen, or superintendents? Almost invariably Germans. One hardly finds an English or a French boss dyer, fitter, or manager of a wholesale or retail establishment. Practically all buyers in the large business houses are Germans or Russians, but not French or English." Articles on "The Prospects for German Exports to Russia," reprinted from the *Neue Zürcher Zeitung*, Daily Consular and Trade Reports, United States Bureau of Foreign and Domestic Commerce, October 15, 1915.

Russia, not as a beggar. Her wants are too great and too numerous to be supplied by philanthropy, even if this were desired; they can only be supplied as a matter of business, based on mutual reciprocal interest. It is therefore eminently proper and right that we should inquire into her resources as closely as we have inquired into her needs. What has Russia to offer in exchange for what she desires to receive from us? What guaranty have we that she can pay the immense bill, if we become her creditor?

In reply to these and similar questions it ought to be sufficient to direct attention to a few fundamental facts concerning Russia. Here is a people numbering more than one hundred and fifty millions; a people sprung from one of the great racial stocks of the earth, inhabiting a vast country rich in agricultural and mineral resources, and having attained a high degree of civilization; *every economic law warrants the extension of credit to such a people, to the full extent required for the profitable development and exploitation of their resources and compatible with the stability of the creditor nation.*

We may with advantage restate this in a somewhat more elaborate form as follows: In Russia we have a great nation of more than one hundred and fifty millions of people,[1] predominantly of the Slavonic race, one of the principal racial stocks of the world. In the recent past this nation has contributed very largely to the prosperity and progress of the world. Its exports of food have helped to feed other nations; its scientists have

[1] Finland and Poland are omitted here.

made numerous and important contributions to the enlargement of man's kingdom in the universe; its literature ranks with the greatest; its statesmen have, upon the whole, in recent times, upheld international order; in the greatest of all the wars of history its armies have fought valorously beside those of the most enlightened and democratic nations, making enormous sacrifices. Russia is a great civilized nation. Within her boundaries she possesses resources of unrivaled abundance, variety, and richness. Her people are honest, peaceful, and industrious normally. Her fertile lands are easily capable of producing food grains enough to feed several times her present population; cattle enough can be nurtured on her hills and plains to supply all the beef needed by the people of Europe in addition to her own; her coastal waters abound in fish; her forests are the most abundant in the world; she has all the basic minerals and metals in abundance, including coal, iron, copper, gold, silver, lead, zinc, tin, platinum, and petroleum. *Given such a people, and such assets, there can be no greater security for creditors anywhere in the world.*

Perhaps the most prevalent fear concerning the future of Russia arises from a doubt of the capacity of her people for organization. In all the voluminous mass of discussion of Russian affairs during the past three years, the dominant note can be summarized in the single sentence, "The Russian people lack the capacity for effective organization." This is found equally in the criticisms of Scandinavian, French, British, and American observers.

For a judgment so well-nigh universal, there must obviously be some basis of fact. Yet, if there is one thing which impresses the careful and close student of Russian affairs more than any other, it is that the Russian people have again and again shown a wonderful aptitude for organization amounting almost to genius.

How, then, shall we account for the common impression to the contrary? In the judgment of the present writer, this may be attributed to two principal facts: In the first place, foreign observers have been impressed by the numerous lamentable and almost grotesque failures of the economic and military organization under the old régime. The terrible incompetency displayed in the Russo-Japanese War created a sort of myth that Russians were incapable of effective organization. This myth was greatly strengthened by the bureaucratic stupidity and mismanagement which characterized the policy of the Russian government from July, 1914, to the Revolution in March, 1917. Wherever one looks at the record during those fateful years the incompetence of the bureaucracy becomes at once apparent. The enormous over-mobilization, the failure to organize the transportation system, the neglect of those prophylactic measures which experience had shown to be vitally necessary for the protection of the health of the army—these are only typical examples of the universal failure and incompetence.

In the second place, most of the observers who have commented upon the Russians' apparent lack of organizing ability have overlooked one

important fact, namely, that they have been observing Russia in an abnormal state of chaos. When a great nation is passing through a revolution constructive processes are rarely apparent. When we read the contemporary comment upon the French Revolution, for example, we cannot fail to recognize its similarity to much of the recent comment upon Russia. Numerous foreign observers and critics wrote disparagingly of the French as a nation of talkers, incapable of doing anything else, just as superficial journalists of to-day are writing about Russia.[1] When we turn to the contemporary records of the formative period in the history of this Republic we can find a great deal to remind us of the chaotic conditions in Russia. There was the same indulgence in endless discussion, the same lack of organization. These things are inevitable. Manifestly, however, it is not wise to judge the fundamental character and capacities of a people by the incidents of such periods of revolution.

The extraordinary aptitude for organization possessed by the Russian people, already referred to, is admirably exemplified in the zemstvos and the co-operative associations. The zemstvos are rural provincial organizations which were called into being by Alexander II at the time of the liberation of the serfs in 1864. They were originally intended to be representative legislative bodies having juris-

[1] A notable example of this journalistic superficiality is the article by William Dudley Pelley, "Siberia Back of the Whiskers," published in *Sunset*, November, 1919. Mr. Pelley's article is described as "a close study of the Siberian peasant." It is such a "study" as might be made from melodramatic moving-picture scenarios.

diction over such matters as taxation and education. They were not popularly elected upon a basis of universal suffrage, but were dominated by the large landowners and the clergy. The governing council of each zemstvo was elected by an assembly composed of the large landowners, landowning clergy, and representatives of the peasant communal organizations. After the assassination of Alexander II, in the period of reaction following that event, the powers of the zemstvos were very greatly restricted. They were deprived of their legislative functions, no decision of a zemstvo being valid unless approved by the provincial governor, who was a police official.

Notwithstanding the restrictions thus imposed upon them, the zemstvos developed into local government bodies of great importance and considerable efficiency:

Elected mainly by the landlords and the peasants, they were a vital part of the life of the nation. Possessing no political powers or functions, having nothing to do with legislation, they were important agencies of local government. The representatives of each county constituted a county zemstvo and the representatives elected by all the county zemstvos in a province constituted a province zemstvo. Both types concerned themselves with much the same range of activities. They built roads and telegraph stations; they maintained model farms and agricultural experiment stations similar to those maintained by our state governments. They maintained schools, bookstores, and libraries, co-operative stores, hospitals, and banks. They provided the peasants with cheap credit, good seeds, fertilizers, agricultural implements, and so forth. In many cases they provided for free medical aid to the peasants. In some instances they published newspapers and magazines.

It must be remembered that the zemstvos were the only representative public bodies elected by any large part of the people. While the suffrage was quite undemocratic, being so arranged that the landlords were assured a majority over the peasants at all times, nevertheless they did perform a great democratic service. But for them, life would have been well-nigh impossible for the peasant. In addition to the services already enumerated, these civic bodies were the relief agencies of the empire, and when crop failures brought famine to the peasants it was always the zemstvos which undertook the work of relief.[1]

But for these zemstvos it is unlikely that Russia could have carried on the war for more than six months. It was their energy and enterprise which made it possible for Russia to render the services to the Allied cause during the first two years which ultimately assured the triumph over the Central Empires. In August, 1914, representatives of almost every zemstvo in Russia met in Moscow and formed a national organization called the All-Russian Zemstvo Union. The original intention seems to have been to create an organization for the single purpose of caring for sick and wounded soldiers, as an auxiliary to the Army Medical Service and the Russian Red Cross Society. It very soon appeared, however, that the military authorities and the government had seriously underestimated the amount of hospital accommodations that would be required, and the Union of Zemstvos was called upon to furnish a very large proportion of the additional hospital accommodation required. In a surprisingly short time it had more than three thousand hospitals in opera-

[1] *Bolshevism*, by John Spargo (1919), p. 16.

tion. These hospitals were universally superior to those provided by the government in construction, equipment, administration, and service. When the problem of transporting the wounded soldiers proved too difficult for the military authorities, the Union of Zemstvos addressed itself to the solution of the problem. It devised a better type of hospital train and effected a revolution in the method of transporting wounded men.

A very large part of such work as that which was done for our armies by organizations like the Young Men's Christian Association, Young Women's Christian Association, Knights of Columbus, Salvation Army, and others, was done for the Russian army by the Union of Zemstvos. Rest stations, canteens, bath-houses, and laundries were established back of the lines. When the prevalence of venereal and other infectious diseases manifested itself as a serious danger it was the Union of Zemstvos which again came to the front and did what it could to meet the problem in a practical way. Its sanitary organization provided for vaccination, bacteriological examination, segregation, and treatment. When the evacuation of inhabited districts was necessary it was the Union of Zemstvos again which undertook the necessary organization, feeding the refugees, caring for the children, the sick and infirm.

Just as in the war with Japan ten years earlier, the bureaucracy failed to provide adequate and satisfactory footgear for the army. Of course, the government had never previously contemplated the mobilization of so many millions of men. No

government in the world, it is safe to say, had ever seriously contemplated the possibility of such an enormous mobilization. It was not surprising, therefore, that from the beginning of the war the need for boots and shoes presented a very great and grave problem. In an incredibly short time and with remarkable efficiency the Union of Zemstvos organized the boot- and shoe-making industry throughout Russia. The country was systematically scoured for hides, existing tanneries. utilized to their full capacity and new tanneries established. Notwithstanding these efforts, the demand for boots and shoes for the army still far exceeded the supply and it was necessary to go to foreign markets. Millions of pairs of boots and shoes were purchased abroad by agents of the zemstvos.[1]

Even if the Russian people, as distinguished from the government of Russia, had done nothing else in the way of organization, the record of the zemstvos would, of itself, be sufficient to disprove the theory, held by so many people, that the Russians are peculiarly incapable of creating and maintaining efficient organizations. When we take into account the enormous difficulties by which they have been confronted—the lack of transportation facilities, the immense area of the country, the opposition of the bureaucracy, the illiteracy of a large part of the population—we cannot fail to admire their achievements. It is very doubtful whether any other nation, including our own, can point to any-

[1] An interesting account of the work of the zemstvos is given by Isaac Don Levine in his book, *The Russian Revolution* (1917).

thing like such an extensive voluntary organization successfully continued over a long period of time.

Writers upon sociological questions have frequently called attention to the growth of co-operatives in England, Belgium, Denmark, and other European countries as an evidence of the special organizing capacity of the people of these countries. Certainly the development of a strong co-operative movement requires organizing ability of a very high order. It is much more difficult to organize and successfully conduct a business on co-operative lines than to organize and conduct a similar business on ordinary business principles. It can fairly be claimed, therefore, that the presence in a country of a successful and flourishing co-operative movement is conclusive evidence of the organizing ability of its people.

Let us apply this test to Russia. Long before the Russo-Japanese War many co-operatives existed in Russia. They did not differ materially from the co-operatives of England, Belgium, Denmark, or Germany, except in that they relied to a greater extent than these upon the assistance of the middle-class Intellectuals. This peculiarity was due, of course, to the very large amount of illiteracy among the masses. As the condition of the masses in this particular improved, so the co-operatives became less dependent upon the guidance and support of professional men. From 1900 onward the illiteracy of the masses steadily declined. Education was making itself felt. After the revolutionary movement of 1905 the number of co-operative organizations in Russia increased at an astonishing

rate. In 1905 there were less than 6,000 co-operative societies, including credit and loan associations; in 1914 there were over 30,000. The growth of the movement from 1905 to 1916 is illustrated by the following table:

Organization	*1905*	*1914*	*1915*	*1916*	*Jan. 1, 1917*
Credit and loan associations....	1,434	12,751	14,350	15,450	16,057
Consumers' societies...........	1,000	10,080	10,900	15,203	20,000
Agricultural societies..........	1,275	5,000	5,000	5,500	6,000
Artels of kustar and butter-making artels..................	2,000	3,000	3,300	3,600	4,000
Union of credit societies........	2	11	28	62	92
Total................	5,711	30,842	33,578	39,815	46,149

When the fiftieth anniversary of the Russian co-operative movement was celebrated in 1916, the number of the co-operative societies was a little less than 36,000 and the total membership was estimated at about 12,000,000. S. N. Prokopovich, a well-known Russian economist, who became Secretary of Supplies in the Provisional government, estimated that the co-operatives represented, at that time, 60,000,000 people. Prokopovich, who is one of the best authorities on the Russian co-operative movement, based this conclusion upon the well-known fact that the strength of the co-operative government is principally among the peasantry and that almost every member of the co-operative society is the head of a family.

The co-operatives control more than 50,000 factories, mills, workshops, stores, and warehouses. The All-Russian Central Union of Consumers'

Societies, one of the five central organizations of co-operatives, operates flour and paper mills, refrigerator plants, factories for the manufacture of shoes, soap, candy, matches, tobacco, and chemicals. Its capital is 100,000,000 rubles. The Union of Siberian Creamery Associations has more than 3,000 factories, plants, and distributing centers. It operates factories for making oil, rope, and soap and for rebuilding agricultural machinery. It maintains cold-storage warehouses and grain-elevators. The All-Russian Co-operative Union of Flax-growers, which was organized in 1915, had nearly 2,000,000 members at the end of 1918. The total trade of the co-operatives of Russia in 1918 exceeded 8,000,000,000 of rubles.[1]

The co-operatives alone have kept Russia alive during the Bolshevist régime. They have maintained the necessary economic foundations for Russia's future development. At first, the Soviet government and the co-operatives came into sharp conflict over the operation of the cotton-mills in Moscow. The Bolshevist commissaries wanted to dictate to the co-operatives how the factories should be operated, but very soon discovered that the co-operatives were not to be trifled with. Lenin recognized that these organizations alone were maintaining life in Russia, and, as he himself has frankly admitted, found it necessary to compromise with the co-operatives, which he describes as "mass organizations inherited from capitalism."[2] The Bolsheviki have not dared to attempt to apply

[1] See *Development of Russian and Siberian Co-operatives*, Appendix G.

[2] Lenin, *The Soviets at Work.*

their principle of the confiscation of property to the co-operatives. Through all the rack and ruin, therefore, the co-operatives of Russia have maintained their existence and grown. Surely no further demonstration of the organizing ability of the Russian people is necessary.

VII

The energy and resourcefulness of the Russian people, as shown by the zemstvos and the co-operatives, can be relied upon to develop the incalculably great resources of the country, once stable and orderly government is established. More than a third of all the forest lands of the world lie within the boundaries of the former Russian Empire. Of its immense area of 8,660,000 square miles, 39 per cent. is composed of forests. The forest lands belonging to the Russian government, the greater part of which have not been properly surveyed, amount to almost a billion acres. The total area of the forests of Russia is about 3,150,000,000 acres. In European Russia alone there are about 400,000,000 acres of forest. According to a report issued by the Ministry of Agriculture in 1914, the surveyed forests of Siberia alone amounted to more than 731,000,000 acres.[1] The total forest areas of the United States and Canada combined amount to only about one-third the acreage of Russia's forests. More than half of the forests of Asia are in Siberia.

[1] Quoted by Goldstein, *Russia—Her Economic Past and Future*, pp. 65-66.

It is quite true, of course, that, as pointed out in the report of the Russian Ministry of Agriculture already referred to, in these vast forests there is a good deal of timber that is commercially valuable only for making pulp, matches, and the like. On the other hand, there are immense tracts of primeval forests containing centuries-old timber of the highest quality for building and furniture-making. There are hundreds of millions of acres of cedar, pine, fir, birch, oak, spruce, elm, ash, maple, and other valuable woods. In his book, *Our Wealth*, published in 1910, Bogdanov called attention to the fact that the world was facing a timber famine and that the colossal forests of Russia must be the principal source of supply for the world. More recently foreign observers have given serious attention to this subject, recognizing that in her forests Russia has the means of supplying the world's demand for timber and, at the same time, of paying off her indebtedness. Thus Professor Brennan, of the University of Glasgow, believes that "it would be possible for Russia, in no distant future, to pay off the whole of the interest on her war debts merely by the exploitation of her forests alone." [1]

In view of the growing scarcity of lumber in this country the desire of Russia to exchange timber for such goods as we can supply in abundance is of vital importance to us. We are at the present time finding it difficult to get a sufficient supply of print paper. As these pages are being written, the newspapers are discussing the shortage of

[1] *Sidelights on Russia*, by Hugh Brennan, pp. 33-34.

paper and the need of placing restrictions upon the size of the daily newspapers in order to avert a paper famine. At the same time the cost of lumber for building has increased so greatly as to become a very serious factor in the housing problem, while our railways are finding it exceedingly difficult to obtain a sufficient supply of ties at anything short of prohibitive prices. There is open to us in Russia a supply of timber sufficiently large to meet our requirements for a period long enough to grow new forests, if we only have the enterprise to avail ourselves of it.

There can be no doubt at all that by the development of her timber trade Russia can pay for a very considerable part of the goods she needs to import. This will go far toward producing a favorable trade balance and so tend to the stabilization of the markets of the world. Moreover, by a wise policy of granting forest concessions Russia can secure a large part of the credit she needs. This is recognized by practically every Russian economist and statesman. One of the first things done by Konovalov, Minister of Trade and Industry in the Provisional government, was to appoint a special committee of experts to study the natural resources of northern Russia, and, above all, the development of the export trade in timber.

The *Svensk Handelstidning*, of Stockholm, published on April 3, 1919, an account of a concession granted by the Soviet government of Russia to a Norwegian-American syndicate to exploit the enormous resources of northern Russia, including its timber-lands. The Swedish paper republished the

following account of the concession from the official organ of the Soviet government, *Severnaya Kommuna:*

The concession first comprises the establishment and operation of a railway line of normal gage for general traffic from Ob in Siberia to the west, in the direction of the town of Kotlas on the Duna River, and from there two main tracks to Zvanka, where the Murman Railway joins the Petrograd-Vyatka-Siberia Railway, or past Zvanka directly to Petrograd. Besides, there are also proposed spur tracks to the town of Ustyug-Veliki and the Nadyesdinski mills. The railway concession represents lines aggregating about 3,000 versts, approximately 2,000 miles. . . .

The concession also comprises the right to use 8,000,000 dessiatines (about 22,000,000 acres) of forest. Of these 8,000,000 dessiatines of forest, 2,000,000 dessiatines (5,500,000 acres) will be for the company's own needs for the term of eighty years. The net profit from these 2,000,000 dessiatines and the sawmills and factories that the company may establish is included in the surplus of the railway. Of the remaining 6,000,000 dessiatines the company has a right to fell the whole district, estimating that the forests are renewed every one hundred and fifty years. The concessions for these 6,000,000 dessiatines is given for forty-eight years. According to the statutes, the company may hold its timber-lands over the whole of Russia. As to the 6,000,000 dessiatines, the company may demand that the districts be transferred in connected forests of up to 500,000 dessiatines (1,350,000 acres) for the establishment of special enterprises, according to the directions of the company.

The company will have the right to use the soil that is laid out for the railway which is not cultivated or common land and is not taken up by other railway lines.

The company has the right to use all live lodes found on examination of the lines. The company pays to the state one-half copeck per pood (36.1128 pounds) for ore dug out, without regard to the kind of ore. The company also has a right to establish and run shipyards and ports, to open steam-

ship lines, to get, without charge, districts for the establishment of towns and villages. All such undertakings are looked upon as parts of the railway project. Further, it may use water-power in the neighborhood of the railway line.

The railway is permitted to start banking enterprises of its own at all railway stations and in neighboring towns. It is to be observed, however, that these banking enterprises must not take cash loans on interest.

The company must pay to the Soviet government a charge of 5 per cent. of the quotation on the London market for timber cut, while the charge for fuel and building material for local use is according to local prices. Instead of paying income and industrial taxes, the company pays 25 per cent. of its net profit, but no minimum sum is fixed. When necessary, the company must procure tonnage of 10,000 to 20,000 tons.

The concession is granted to the Russian, Borissof, and the Norwegian, Ganewitsch (Hannevig), who has American capital behind him. If the Hannevig group does not assume the undertaking, the concession will be offered on the international financial market.[1]

To grant such concessions in return for machinery and manufactured goods has been recognized even by the Bolsheviki, as a necessary and legitimate policy to be pursued in the reconstruction of Russia. Thus Arthur Ransome, the English writer whose pro-Bolshevist writings have been extensively circulated in this country and in England, says of Krasin, the Soviet Commissar for Trade and Industry and president of the Committee for Supplying the Needs of the Army: "He recognized that foreign trade on any large scale was impossible until their transport had been improved. *Russia proposed to do her paying in raw material, in flax,*

[1] *Commerce Reports*, United States Department of Commerce, July 9, 1919.

timber, etc., in materials of which she had great quantities, although she could not bring them to the ports until her transport should be restored. It would, therefore, be in the foreigner's own interest to help them in this matter." [1] Even more explicit is this account of a conversation with Pavlovitch, president of the Committee of State Construction:

"We want from abroad all that we cannot make ourselves. We want a hundred thousand versts of rails. Now we have to take up rails in one place to lay them in another. We want new railways built. We want dredgers for our canals and river works. We want excavators."

"And how do you expect people to sell you these things when your foreign credit is not worth a farthing?"

"*We shall pay in concessions, giving foreigners the right to take raw materials. Timber, actual timber, is as good as credit. We have huge areas of forest in the north, and every country in Europe needs timber. Let that be our currency for foreign purchases.* We are prepared to say, 'You build this, or give us that, and we will give you the right to take so much timber for yourselves.' And so on. And concessions of other kinds also. As a matter of fact, negotiations are now proceeding with a foreign firm for the building of a railway from the Obi to Kotlas." [2]

The testimony of Mr. Ransome is corroborated by Mr. William C. Bullitt, in a report made by him to President Wilson and the other American plenipotentiaries in Paris. The text of the report, made public by him, contains the following illuminating paragraph:

The Soviet government recognizes very clearly the undesirability of granting concessions to foreigners, and is ready to

[1] Ransome, *Russia in 1919*, p. 154.

[2] Ransome, *op. cit.*, p. 155.

do so only because of necessity. The members of the government realize that the lifting of the blockade will be illusory unless the Soviet government is able to establish credits in foreign countries, particularly the United States and England, so that goods may be bought in those countries. For Russia to-day is in a position to export only a little gold, a little platinum, a little hemp, flax, and wood. These exports will be utterly inadequate to pay for the vast quantity of imports which Russia needs. Russia must, therefore, obtain credit at any price. The members of the Soviet government realize fully that as a preliminary step to the obtaining of credit the payment of foreign debts must be resumed, and, therefore, are ready to pay such debts. But even though these debts are paid, the members of the Soviet government believe that they will not be able to borrow money in foreign countries on any mere promise to pay. They believe, therefore, that they will have to grant concessions in Russia to foreigners in order to obtain immediate credit. They desire to avoid this expedient if in any way it shall be possible, but if absolutely necessary they may be ready to adopt it in order to begin the restoration of the normal life of the country.[1]

Finally, there is the note addressed by Tchicherine, the Soviet Commissioner for Foreign Affairs, to the Entente Allies on February 4, 1919. The note set forth the willingness of the Soviet government to recognize all the national debts, interest on which it is proposed to guarantee in raw materials, "in view of Russia's difficult financial position and her unsatisfactory credit." The note continued: "*In view of the interest continually expressed by foreign capital in the question of the exploitation for its advantage of the natural resources of Russia, the Soviet government is ready to give to*

[1] *The Bullitt Mission to Russia.* Testimony before the Committee on Foreign Relations, United States Senate, of William C. Bullitt, New York, 1919, p. 64.

subjects of the Powers of the Entente mineral, timber, and other concessions, to be defined in detail, on condition that the economic and social structure of Soviet Russia shall not be touched by the internal arrangements of these concessions." [1]

There is an element of irony in these naïve proposals: the success of this anti-capitalistic Soviet Utopia is to be assured by—capitalism and capitalist enterprise! In order to establish communism capitalism has to be invoked and the country's greatest sources of natural wealth must be leased for exploitation by foreign capitalists. To permit them to be exploited by Russian capital would be wrong, but it is all right to let them be exploited by foreign capital. What a grotesquery this is—a communist Utopia parasitically dependent upon the capitalist enterprise of other nations! The plan of the Soviet government amounts to nothing less than that. It is a confession that in the present stage of her economic development it is impossible for Russia to realize the anti-capitalistic, communistic ideals which alone can justify the Bolshevist experiment. There could be no more complete confession of the bankruptcy of Bolshevism.

Russia's exports of timber have grown steadily year by year. In the decade 1904-13 they rose in value from 73,200,000 rubles to 164,900,000 rubles—an increase of about 125 per cent. Next to wheat it was the most important item in her export trade. It is interesting to note that during the nineteenth century Russia's total exports

[1] *Idem*, p. 46. Italics are mine.—J. S.

multiplied twenty-one times, and her grain exports forty-four times, her timber exports multiplied one hundred and twenty-six times.[1] It is interesting also to observe that while the timber trade of the United States has shown a large excess of imports over exports, the Russian trade has shown a steadily increasing excess of exports over imports. In the ten-year period 1904–13 America's excess of timber imports over exports totaled $361,000,000; Russia's balance of exports over imports totaled $576,900,000. There can be no doubt that for many years to come Russia will be the principal timber-exporting country of the world.

VIII

The vast mineral resources of Russia have as yet only been scratched on the surface, as it were. Take, for example, coal. The total annual production of coal for the years 1912–13 averaged 34,000,000 metric tons. This represents a per-capita production of 0.2 metric ton only. How low this is can be seen from the following comparative figures:

PER-CAPITA PRODUCTION OF COAL IN VARIOUS COUNTRIES

Country	*Metric Tons*
Austria-Hungary	1.0
France	1.0
Belgium	3.0
Germany	3.8
United States	5.1
United Kingdom	6.0

[1] Sack, *America's Possible Share in the Economic Future of Russia*, p. 10.

The per-capita production of coal in Austria-Hungary was five times greater than that of Russia, while that of the United States was twenty-seven times greater.[1] Of the total production of 34,000,000 metric tons, about 23,000,000, or 70 per cent., were mined in the Donetz Basin and the neighboring territory along the Sea of Azov. The coal area here comprises something like 5,000 square miles. Shortly before the outbreak of the World War a geological survey was made of the coal-beds of this district and the unmined coal was estimated at over sixty billion tons. This coal is of excellent quality.

Although the coal mined in Siberia annually averages only about 100,000,000 poods,[2] of which seven-tenths is consumed on the railways, coal is found in great abundance all through Siberia from the Urals to the Pacific. The greater part of the present output is mined from the Anzhersk mines, near Tomsk, and the Tcheremkhovsk mines, northwest of Irkutsk. In both these districts the coal is of very high quality. Geological surveys have shown that the coal deposits of the Kuznetsk region are far richer than those of the Donetz region upon which Russia has heretofore mainly depended. The following account of the coal resources of Siberia is based upon Golovachev's *Economic Geography of Siberia*, published in 1914:[3]

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[1] These comparisons are taken from Goldstein, *op. cit.*, p. 43.

[2] Approximately 1,800,000 short tons—a pood equals 36.1 pounds.

[3] The translation was made and published by the Russian Division of the United States Bureau of Foreign and Domestic Commerce, April, 1919, recent figures being inserted and other changes made to bring the text up to date.

Coal also is found in great abundance and coal strata have been definitely ascertained in all parts of Siberia. In the Semipalatinsk Province, near Pavlodar, 95 versts (63 miles) from the river Irtysh, are the Ekibas-Tuzski coal-mines, containing up to 6,500,000,000 poods (117,000,000 short tons) of coal. Although this coal is characterized by fineness and dust, nevertheless, owing to the exhaustion of the forests in this part of western Siberia, there is a very good market for it for the steamers on the Irtysh and the divisions of the railroad lying near by. At the present time, however, these mines are scarcely working. They are connected with the Irtysh by a narrow-gage railroad. Furthermore, in the Kirghiz steppe there are known deposits of coal; for instance, the Karagandinsk, between Akmolinsk and Karkaralinsk; Kuutchekinsk, not far from the former; Dzhamantuzsk, 140 versts (93 miles) to the south; Pavlodar, 55 versts (36 miles) from the Irtysh; Zaisansk, and others. The coal of the Kirghiz steppe is not of high quality. It is hard and does not coke and the strata are crooked.

In the Tomsk Government the Kuznetsk basin is noted for the abundance of its coal. There is found the so-called Kuznetsk coal valley, which is about 400 versts (265 miles) wide and contains not less than 40,000 square versts (17,600 square miles). All over this area, along the banks of the Tom and other less important rivers that flow through it, there are clearly visible outcroppings of coal, beginning with the deposits nearest to the line of the Siberian Railway along the river Balakhonka, 40 versts (18 miles) from the line. Whole successions of strata extend almost uninterruptedly for 380 versts (252 miles) to the south, where they terminate in the rich deposits along the rivers Tchumysh, Kondoma, and Tesha. Here are found the Koltchugin, Anzhersk, Sudzhensk, and Lebedyansk mines—the last three near Tomsk, on the line of the railway. The Anzhersk mines are now the most important producers of coal, having produced 20,000,000 poods (360,000 short tons) in 1912. The coal obtained in the Sudzhensk and Anzhersk mines is consumed chiefly on the western division of the Siberian Trunk Line, but it is not sufficient to cover the entire needs of this division;

hence it will be necessary to work the Koltchugin mines more actively and to connect them with the Trans-Siberian Railway. In this region the coal strata reach the thickness of 2 sazhens (14 feet) and are almost horizontal. The extent of the strata has been followed for 20 versts (13 miles) and the total quantity of coal determined by investigations as amounting to several billions of poods; and this only a small part of the Kuznetsk Valley, which holds in its bosom almost inexhaustible supplies of mineral fuel.

Thanks to its quality and the nearness of the mines to the Trans-Siberian Railway, the Koltchugin coal will undoubtedly find a market very rapidly on this railway, especially in the eastern part, and, it goes without saying, on the Altai Railroad.[1] The Koltchugin coal is distinguished by its high quality; it is semi-volatile, yields very little ash, and develops 8,000 heat units. One of its strata yields up to 60 per cent. of metallurgical coke. The Anzhersk and Sudzhensk coals are not so good as this. The cost[2] of the Koltchugin coal at the mine is not in excess of 4.64 copecks per pood ($1.32 per short ton), and with delivery as far west as Kurgan a pood costs 10.33 copecks ($2.90 per ton), so that for the western division of the Siberian Trunk Line it will be more advantageous not only than the Ural coal, but also than the Sudzhensk and Anzhersk. In the Kuznetsk basin are also notable the Batchatsk and Koltansk coal-mines.

In the Yenisei Government coal has been found in many places—in the north along the river Kureika, the right affluent of the Yenisei in the Turukhansk region; on the right bank of the Abakan in the Minusinsk Uyezd (Mt. Izykh); near Minusinsk (Black Hills mines of the Balandins); along the Tchulym; and half-way down the Angara. The Izykh coal is the best of the east Siberian coals. The average thickness of the strata is 3 to 4 arshins (7 to 9⅓ feet) and the yield in coke is 60 per cent. Mt. Izykh is situated about 35 versts (23 miles) from the mouth of the Abakan, in the populated region of the Uyezd and its deposits are very convenient for

[1] The Altai Railroad commenced to operate in 1916.

[2] Before the war. Conversions have been made at the normal exchange rate for the ruble (51.5 cents).

mining and exporting. The road which is projected from Atchinsk to Minusinsk[1] will of course avail itself preferably of the local coal.

In the Irkutsk Government, 120 versts (80 miles) to the northwest of Irkutsk, extends the Tcheremkhovsk coal basin, about 40 to 50 versts (27 to 33 miles) long and containing up to 12,000,000 metric tons. The Tcheremkhovsk coal develops about 7,000 heat units and yields up to 50 per cent. coke. This coal serves as fuel for the adjoining divisions of the Siberian and Trans-Baikal railways, and also for the steamers of Lake Baikal and for several private factories in Irkutsk.

In the Trans-Baikal, although coal is found in many places, it is generally (with very few exceptions) brown coal and lignite and must be used soon after mining, since it rapidly disintegrates. The Amur Province is poor in coal (although some is found on the Bureya and near the stanitsa—Cossack village—of Innokentevskaya, about half-way down the river Amur, and in other localities); nevertheless this coal is of good quality and very satisfactory as fuel. In the Maritime Province the following deposits are known: The Sutchansk deposit on the river Sutchan, 40 versts from the Gulf of Nakhadka, containing a fair amount of coal and having a production of about 12,000,000 poods (217,000 short tons). A branch line has been constructed connecting this mine with the Ussuri Railway. Another is near the natural boundary of the Barabash, a third on the Gulf of Amur, a fourth near Khabarovsk, and a fifth near Nikolaevsk, a sixth at Lake Zhanka, and still others in other localities. In the Yakutsk Province coal has been found along the Lena and Aldan rivers; in Kamchatka, on the shores of the Penzhinsk and the Gizhiginsk bays; in Saghalien along the entire western coast, the best coal being that of the Duisk mines.

Coal is also found in great abundance in Russian Saghalien, much of it being of very excellent quality. So far as surveyed by the Russian Geological Commission, the coal area of northern

[1] This railroad has since been completed.

Saghalien exceeds that of the Donetz region, extending over 6,000 square miles. The Russian engineer, P. I. Polevoy, who made the survey, believes that the volume of unmined coal in Russian Saghalien far exceeds that of the Donetz Basin and its surroundings.[1]

It must always be borne in mind, in considering the mineral resources of Russia, that there has been no really comprehensive survey of them as yet. The surveys made in recent years have been much more scientific than those made earlier, but they still leave much to be desired. The chief difficulty, however, lies in the fact that, owing to the vastness of the territory to be covered, so little has actually been surveyed. Great as the mineral resources already surveyed undoubtedly are, they represent only a part—perhaps even a relatively small part—of the total. It is well known, for example, that there are many large deposits of iron ore which are as yet undeveloped. The average annual production of iron ore in the years 1912 and 1913 was 8,900,000 metric tons, of which 71 per cent.—6,300,000 metric tons—came from the Donetz Basin and vicinity. Practically all of the remainder, 29 per cent., came from the Ural region. Owing to the fact that until recently this region has lacked suitable coal, its iron industry has developed very slowly. It is known, however, that its iron-ore deposits greatly exceed those of the Donetz region in magnitude and quality. Ore of very high quality is found in enormous quantity in the

[1] *Vide* the confidential report to the Russian Foreign Office referred to in the preceding chapter.

district of Zlatonst. It is estimated that Mt. Magnitnaya, in the Government of Orenburg, has more than a hundred million tons of magnetic iron ore, and Mt. Blagodat fully as much. In the vicinity of Nijni-Tagil and of Bogoslov are immense deposits of iron ore of a very high grade. Most of these rich deposits of ore are quite accessible, and, now that an abundant supply of coke-producing coal can be had from the Kuznetsk mines the rapid development of iron mining in the Ural region may be confidently predicted.

There has been very little iron mining in Siberia as yet, owing principally to lack of capital, the absence of a strong local demand, and the poor transportation facilities. The iron-ore deposits already surveyed are numerous and extensive, a great deal of the ore being of a very high grade. Perhaps the best known of these are the big deposits of magnetic ore near Kuznetsk, which are quite close to splendid coal-supplies, the Koltchugin mines in the Altai and the magnetic-ore deposits near the Gulf of St. Olga, on the Maritime coast, for working which coal could be economically brought from Saghalien, where the production cost is very low. The following summary by Golovachev gives a fairly good idea of the iron-ore deposits of Siberia thus far surveyed: [1]

The presence of iron ores has been noted in numerous regions of Siberia. In the Tobolsk Government, near Tyumen, there is a spathic iron ore containing 30 per cent. of iron. In the Semipalatinsk Province, in the Karkaralinsk Uyezd, there are

[1] See foot-note on p. 319.

known to be enormous outcroppings of these ores in the form of two mountains, Togai and Ken-Tibe, containing up to 70 per cent. of pure iron. In general in the Kirghiz steppe more than twenty deposits of iron ore are known, in some cases near to layers of coal. In the Tomsk Government, in the Kuznetsk Uyezd, on the river Telbesa, which is a right tributary of the Kondoma, an affluent of the Tom, not far from Kuznetsk, very rich deposits of magnetic and red-iron ore have long been discovered containing more than 65 per cent. of pure iron. In these deposits there are up to 100,000,000 poods (1,800,000 short tons) of ore, along with an outcrop of good coal at Koltan, 20 to 30 versts (13 to 20 miles) away.

In the Yenisei Government iron is found in the Yeniseisk and especially in the Minusinsk Uyezds, in the upper course of the river Abakan. The iron content in the Abakan deposits runs as high as 70 per cent. Furthermore, in the Minusinsk Uyezd there is iron in the Irbensk crown lands, along the right affluents of the Tuba, along the Kizir, Irba, etc. The iron is a magnetite with an iron content of 64 to 67 per cent. It is very difficult of access. The presence of iron ore has been noted also in other parts of the Minusinsk Uyezd.

Numerous deposits of iron are also found in the Irkutsk Government, in the Nizhneudinsk Uyezd. There are the Nikolaevsk works near the Angara, where the ore runs 49 to 65 per cent. iron, along the affluents of the Ilim, on the south-eastern shore of Baikal, and in other places.

The Trans-Baikal also is rich in iron. The Petrovsk works should be noted in the Verkhneudinsk Uyezd. The Amur Province is not rich in iron. The strata of brown-iron ore, found in the region round about Nikolaevsk, containing 43 per cent. of iron, and on the right bank of the Amur, 160 versts (106 miles) from Sofisk, are considered the most promising. On the other hand, the Maritime Province contains a region very rich in iron, between the Gulfs of St. Olga and St. Vladimir. Here is found a magnetic-iron ore, with 56 to 61 per cent. iron. The Byelogorsk deposit, 12 versts (8 miles) from the Gulf of St. Olga, should be especially mentioned. Coal for smelting this iron could easily be obtained from Saghalien. There is also iron in Kamchatka.

The average annual production of copper in Russia for the years 1902–03 was, in round figures, 9,000 tons. A decade later, 1912–13, it was almost four times as much—34,000 tons. About one-half of this came from the Ural region. There is an abundance of copper in the Akmolinsk and Semipalatinsk provinces, though the ores are not of a high grade, not running above 10 per cent. The fact that the ore deposits are close to good coal-fields, the increasing railroad facilities, and the nearness to the industrial centers of European Russia are all factors which make possible the profitable working of these copper deposits. The Altai region, in the Tomsk Government, has been noted for its rich copper deposits since the early part of the eighteenth century. Numerous other deposits of copper have been surveyed in Siberia, notably near Minusinsk, in the southeastern part of the Yenisei Government; along the river Uda, in the Irkutsk Government; in the Trans-Baikal, along the river Khilk, and in Kamchatka. Notwithstanding the fact that up to the present time its copper output has been insignificant, its deposits of that metal are enormous. An American mining engineer, writing to *The Vladivostok Echo*, calls Siberia "unquestionably the world's greatest storehouse of copper as well as of gold." [1]

The annual production of gold from 1910 to 1913 amounted to about one-fifteenth of the total gold production of the world and was valued at $30,000,000. Of the 3,635 poods which was the average

[1] Quoted in *Weekly Bulletin*, Canadian Department of Trade and Commerce, Ottawa, September 15, 1919

production for the years 1912 and 1913, Siberia supplied about 3,000 poods, or approximately 80 per cent. The following table, based on the data of the Russian Ministry of Finance, shows the amount of pure gold delivered at the state and private laboratories from 1908 to 1915:

Years	*Eastern Siberia*		*Western Siberia*		*Total*	
	Poods	*Troy Pounds*	*Poods*	*Troy Pounds*	*Poods*	*Troy Pounds*
1908.........	1,890	82,946	269	11,806	2,159	94,752
1909.........	2,220	97,429	291	12,771	2,511	110,200
1910.........	2,487	109,147	310	13,605	2,797	122,752
1911.........	2,539	111,429	430	18,871	2,969	130,300
1912.........	2,534	111,210	365	16,019	2,899	127,229
1913.........	2,687	117,924	372	16,326	3,059	134,250
1914.........	3,132	137,454	387	16,984	3,519	154,438
1915.........	2,512	110,244	248	10,884	2,760	121,128

Russia produces more than 94 per cent. of all the platinum of the world. The average annual production of this important precious metal in the three-year period 1912–14 was 280,400 troy ounces, as compared with 14,800 troy ounces produced in British Columbia. In percentages of the total production the figures are: Russia, 94.1 per cent.; British Columbia, 5.3 per cent.; and all other countries, 0.6 per cent.[1] While the production of platinum fell off during the war, and there was some talk of the platinum fields becoming exhausted, the decline in the output was due to other causes. As a matter of fact, it was due largely to lack of machinery. A number of important discoveries

[1] Goldstein, *op. cit.*, p. 59.

of platinum have been made during the past five years. Russia is also the largest producer of manganese ore in the world. In the three years 1911–13 Russia exported 924,000 metric tons of manganese, which was more than the combined total exports of British India and Brazil, the two next most important manganese-producing countries. Other minerals are found in abundance in various parts of Russia, including silver, lead, zinc, tin, nickel, mercury, antimony, and sulphur.

The decline in the production of oil has led many persons to believe that this important Russian industry is destined to dwindle to insignificant proportions in the near future. This pessimistic view is not at all justified by the facts at present available. It is true that whereas the annual production of oil in 1902–03 was 10,800,000 tons as against 9,200,000 in the years 1912–13, this was only in part due to the exhaustion of certain wells. It was due still more to the regulations restricting the output adopted by the Czar's government. Approximately 85 per cent. of the oil production of Russia up to the year 1914 came from the four great oil-fields of the Baku district. It has been alleged by Milyutin and other Bolshevik officials that these oil-fields have been "ruined by the English." There is probably not very much truth in this charge, but even if it were wholly true the oil industry of Russia would very soon recover and make great progress. Judging by the declining output, the Baku oil-fields were rapidly becoming exhausted before the war began in 1914. Other fields were being developed, however, notably at

Binagadi, Sourakhani, Grozni, Siratoi, and Emba, all of them with a rapidly increasing output. New and extensive oil-fields have been opened up near the coast of the Caspian Sea along the Trans-Caspian Railway, in Trans-Baikal, and elsewhere. The immense oil deposits of northern Saghalien have not yet been developed. The latter field alone covers some 1,500 square miles and is capable of an output exceeding that of the Baku district.[1] Neither Japan nor China is well supplied with oil[2] and both countries afford a ready market for the Saghalien oil industry whenever it shall be developed.

IX

No attempt has been made in these pages to give anything like a comprehensive summary of Russia's economic resources. No account has been taken of her great export trade in furs and hides, her enormous output of flax and wool, or her production of raw silk and cotton. In connection with her need of credit, upon a scale of unprecedented vastness, attention has been given to certain of her resources by which the credit she needs can be secured. Only the most casual men-

[1] "Our half of the Saghalien abounds in oil. Natural oil leakages, in the form of pools and lakes, are found along the eastern coast of the island on a stretch of 280 versts, beginning from the extreme northern end. The oil area of our Saghalien is estimated at 3,000 square versts. The Saghalien oil is not inferior to Baku oil, as its kerosene yield exceeds 40 per cent. Owing to the nature of the local oil-wellings, the production of oil on the Saghalien should be considerably cheaper than in the Caucasus." From a confidential report to the Russian Foreign Office, previously quoted.

[2] Japan imports about 60 per cent. of the oil she consumes.

tion has been made of the almost unlimited possibilities of her agriculture and her fisheries, for example. We have considered some of Russia's great natural resources in connection with her desire for credit, partly because those resources include some of the things we most need and must buy, and partly because they afford the best possible security for credit, from the points of view of both debtor and creditor.

Five years of war and revolution have almost ruined the productive machinery of Russia. On the other hand, the revolution in the consciousness of the people has developed new ideals and new standards of living. The great mass of the Russian people will never again be content to live as they lived in pre-war days. The war itself was a revolution from this point of view. As one very competent and wise observer reminds us: "Some millions of men, who at home had been accustomed to eat meat only half a dozen times a year, were now receiving a liberal ration of it every day at the front and in the barracks. During the session of 1915 the Minister of Agriculture startled the Duma with figures providing that if the consumption of meat continued at the then prevailing rate, and nothing were done to stimulate production, within three or four years not a single head of cattle would be left in the country."[1] The privation and misery endured under the Bolsheviki have not obliterated the lesson thus learned. On the contrary, throughout the whole period of hunger and suffering the masses have been promised a

[1] Wilcox, *Russia's Ruin*, p. 21.

future brighter and richer than anything they have ever known. Russia becomes, in consequence of these things, the world's greatest potential market for machinery and manufactured goods and one of its most important fields for investment.

This is of the utmost importance to the United States. Before the World War we were a debtor nation, our indebtedness abroad amounting to not less than five billion dollars. At the present time we are a creditor nation, foreign governments and peoples owing us not less than ten billion dollars.[1] In the year ending June 30, 1914, our exports amounted to $2,379,000,000 and our trade balance was about $500,000,000. In the year ending June 30, 1919, we exported goods to the value of well over $7,000,000,000 as against imports valued at a trifle over $3,000,000,000. The trade balance in our favor was, therefore, well over $4,000,000,000, or eight times that of the year 1913–14. It will be a long time before the full significance of the revolutionary changes indicated by these figures is recognized, even by our financiers. One fact is, however, quite apparent, namely, the fact of American leadership in international commerce and finance. That leadership brings with it a very great responsibility. Our obligation to aid in rebuilding the world is as great as was our obligation to aid in carrying the war to a victorious end.

The leadership of the world's commerce and finance which events have thrust upon us, and the great responsibilities attendant thereon, calls for

[1] Address by Thomas L. Lamont, of J. P. Morgan & Co., before the Bond Club of New York City, September 26, 1919.

constructive imagination, wisdom, and courage. This is no time to harken to the puling plea that "we have done enough for other nations"; that "all our attention is needed for our own affairs." To see the great nations of the world—including Germany—recover from the ruinous effects of the war is very decidedly our concern as much as it is the concern of the most stricken and distressed of them all. There can be no security for us, no assurance of our continued prosperity, until something like economic order is restored in Europe. And there can be no such restoration until Russia's great fundamental wants are supplied. Russia's problem is our problem in a very real and vital sense. Just as there are forms of internationalism which are dangerous because they strike at the foundations of national order, so there are forms of nationalism which are dangerous because they strike at the foundations of international order. The doctrine that we should ignore the claims and needs of other nations, upon the selfish pretext that we need to isolate ourselves and care only for our own well-being, is as reprehensible and as dangerous as its opposite, the doctrine that we should recognize no special obligation to serve our own land, that a nebulous internationalism supersedes all national obligations.

We owe friendliness and helpfulness to the great Russian nation. But if we put aside every moral obligation and view the matter in the light of our own material interest, we shall see clearly enough, if our selfishness is enlightened and not ignorant, that by helping Russia we shall promote our own

best interest. It may in truth be said that the American who aids in Russia's restoration, be he financier or statesman, merchant or mechanic, by so much serves America. This is not sentimental rhetoric, but the hardest of hard facts.

During the war our productive powers were greatly expanded, just as were those of other warring nations. We need, and must have, a market for our goods. Unless that market is obtained, we must fall back, our standards of living be lowered. The question therefore arises, Where shall we find the market we need for our manufactures? Certainly not in the industrial countries of Europe. These countries will for some time to come be largely dependent upon us for food, but they do not want our manufactured goods and will not take them. England, France, Belgium, Italy, our European allies in the war, and Germany, our most powerful enemy, must minimize their imports of manufactured goods and increase their exports of such goods as much and as rapidly as they can. We may indeed find a very considerable market for our products in South America. In that market we shall indeed encounter very keen competition from Germany and other European countries, but that need not alarm us. It is pertinent to remark, however, that all the countries of Latin America combined have less than half the population of Russia.[1] Even if we could secure a monopoly of their import trade—which is quite out of the question—its total volume would be far

[1] The population of Latin America is less than 82,000,000.—*Latin-America Year-Book*, 1919, p. 2.

less than the share of Russia's trade that is awaiting us. The total imports of Argentina, Chile, Cuba, Brazil, and Mexico combined barely exceeded a billion dollars in 1917.[1]

Russia's needs are so enormous that no one nation can supply them all. America has no interest in securing a monopoly of Russia's foreign trade. It is not to the interest of Russia or of the world generally that such a monopoly be held by any nation. For example, Belgium is an exporting nation and her economic recovery depends, in a very large measure, upon her success in securing a substantial share of Russia's foreign trade. During the war Belgium lost some of her most important foreign markets. It is quite possible that a large increase in her trade with Russia will play a big part in the rehabilitation of her industry and trade. There is room in that vast market for the trade of every exporting nation, including, of course, Germany and Japan. We have not the slightest interest in excluding the legitimate trade of these or any other nations from Russia. On the other hand, it is to our interest to prevent the domination of Russia's economic life, and the political control which must inevitably follow such domination, by Germany or Japan or by both combined. Herein our interest coincides with the highest and best interests of Russia and of the entire civilized world. Nothing but evil can result from such

[1] For Chile, the figures for 1916, and for Mexico 1913, were the latest available according to the *Latin-American Year-Book*, 1919. The imports were, in round figures: Argentina, $380,000,000; Chile (1916), $83,000,000; Cuba, $271,000,000; Brazil, $216,000,000; Mexico (1913), $93,000,000.

domination of the economic life of Russia as that which Germany exercised prior to 1914, and which she will restore unless that is made impossible by the action of other nations led by the United States of America. We cannot escape the responsibility of that leadership.

The economic reconstruction of Russia is a gigantic task, only the barest outline of which has been sketched in these pages. Its successful fulfilment will require the joint energy and enterprise of the great civilized nations. For reasons which have been sufficiently indicated, it is desirable that the western nations undertake the greater part of this work, so that the future life of Russia may be linked to the civilization of the Occident rather than to that of the Orient. This is the hope and aim of the noblest and best of Russia's sons and daughters. Not the least of the crimes of the Bolsheviki is the reckless and desperate manner in which they have sought to link the life of Russia to Asiatic civilization and to spread revolt in China and Central Asia. Their success would of necessity mean the uprising of the East against the West. Just as they have practically destroyed the gains made by centuries of industrial progress, and forced Russia back to the primitive civilization of the hand-loom, the *loutchina*,[1] and the limited culture inseparable from these, so they would arouse the hordes of Asia against the Western World as Huns, Avars, Tatars, and other Asiatic barbarians rose against it long centuries ago.

[1] That is, illumination by burning wood—similar to lighted pine-knots.

To save Russia, and with it the whole of western civilization, is the task which the great Occidental nations are called upon to undertake. It is for the United States of America, incalculably rich in human genius and energy and in material power, to lead in this work.

POSTSCRIPTUM

SINCE the foregoing pages were written, and during the progress of the mechanical work incidental to publication, there have been some notable developments of the Russian problem which merit attention and comment. While these do not materially affect the conclusions reached and elaborated in this volume, they are facts of very great importance and must be seriously regarded.

Of course, the outstanding fact is the sensational defeat of the organized anti-Bolshevist forces of Russia by the armies of the Bolsheviki. The virtual collapse of the forces of Kolchak, Denikine, and Yudenich, and the very great extension of the area of Bolshevist control, are the results of blundering by the Allies and America in the main. Moreover, they are results which were clearly foreseen by many students of Russian affairs, and might have been guarded against. They are the bitter fruits of indecision, timidity, bungling, and, perhaps, petty jealousies. The adoption of a unified and concerted plan by the Allies and America a year ago would have obviated these disasters—for disasters they are.

At that time the anti-Bolshevist forces, which were heroically striving to overthrow the tyranny of Bolshevism and restore the Russian nation, had

splendid chances of success. They needed only to be plentifully supplied with the materials requisite for offensive warfare. It was not necessary for the Allies or America to send troops to Russia or to interfere in any other way with the internal affairs of that country. There was a sufficient Russian anti-Bolshevist force if it could be properly equipped and supplied. The leaders of that force, including representatives of all parties except the Bolsheviki, begged time and again for just that material support. The failure of the leaders of the Allied and Associated nations to respond to those appeals is to be counted among the greatest blunders of history, as it is one of the most incomprehensible. Apart from every other consideration, even if they had neither gratitude to Russia nor interest in her well-being, a prudent and enlightened self-interest might well have induced them to strengthen the hands of the Russians who were fighting Bolshevism, since every blow struck by them was equally a blow in defense of every civilized nation.

No believer in democracy can survey calmly the events of the Russian conflict during the past year with any degree of satisfaction, or without realizing the evil results of the blundering of the statesmen and diplomats of the United States, England, France, and Japan. The All-Russian government under the direction of Admiral Kolchak should have been supported to the limit, so long as it remained faithful to its trust and made war against the Bolsheviki. Instead of that, it was bedeviled and hampered by Japan and its needs

neglected and ignored by the other nations. Recognition and material support should have been given to Kolchak; every possible effort should have been made to strengthen his position with the democratic anti-Bolshevist forces and to lessen his dependence upon the reactionary monarchist and pro-Japanese elements. Unsupported by America and the Allies, harassed by one of the latter, Japan, Admiral Kolchak became more and more entangled with, and dependent upon, the reactionary elements and estranged from the democratic elements. And herein lies the great tragedy: only the democratic forces in Russia can be relied on to defeat Bolshevism. Kolchak's army has crumbled and is scattered; the high hopes centered upon it equally have crumbled and are scattered. There were too many reactionary influences and intrigues. The army crumbled and scattered—it was not shattered by attack—because of these. Had the Allies and America given hearty and generous support to the Omsk government, the democratic elements in the anti-Bolshevist movement would have been greatly strengthened and, in all probability, the overthrow of the Bolsheviki assured. The withholding of that support from the Omsk government strengthened the Bolsheviki and also the reactionary element in the anti-Bolshevist fight, which doomed it to failure. Those who urged that the United States should support Admiral Kolchak—the present writer is one of these—knew well enough the rôle of the undemocratic reactionary elements among his forces; they believed that these could be overcome only as a

result of a generous support of Kolchak by the United States and the Allied nations.

Much the same might be said of General Denikine and his volunteer army. Because he lacked arms and military supplies, Denikine was never able to arm more than one-sixth of his men, and those very inadequately. Yet he swept to within about a hundred and twenty-five miles of Moscow! The failure to furnish him with the material support needed was more than a tragic blunder: it was one of those blunders which are also crimes. The policy of the Allied and Associated nations toward Russia, in these important particulars, might almost have been inspired by Lenin himself. It needed only the Prinkipo folly to complete the betrayal of the Russian anti-Bolshevist struggle.

Bolshevism is victorious in Russia just now, but it is no longer Bolshevism. By this I mean that the Bolshevist government is no longer occupied with the communistic Utopian ideal which gave it birth. Bolshevism is no longer an effort to build a social paradise, but a military system. It is militarism gone mad. Victorious over the anti-Bolshevist movements led by Kolchak, Denikine, and Yudenich, its leaders find themselves with a large, disciplined, and fairly equipped army. That army, we must bear in mind, can easily become the instrument of a new sort of imperialism. It may strike at central Europe, through Poland, or at Persia and India.

The spread of Bolshevism in Siberia, and the determined efforts of the Bolsheviki to reach out to central Asia, have had the effect, apparently, of

profoundly altering the policy of Japan. The imperialists of Japan were never guilty of co-operating with the Bolsheviki in the manner that the German imperialists did. But they pursued a policy which strengthened the Bolsheviki, nevertheless. The whole joint expedition in Siberia resolved itself into a movement to hamper and harass the efforts of the Russians to create a strong, stable government and successfully to combat the Bolsheviki. For that the Japanese must be held responsible, though it must be said that the whole plan of intervention was a mistake.

The Japanese imperialists saw in the turmoil and unrest in Siberia a great opportunity for Japanese aggrandizement. They were willing to drive the Bolsheviki westward beyond Lake Baikal, but only if permitted to acquire economic domination and control of the territory thus freed and to succeed to the Russian "rights" in China. When these conditions were rejected by the Russians and vetoed by the other nations concerned, Japan assiduously strove to keep Siberia in turmoil and to prevent the successful establishment of a strong and stable government. She hoped again to "fish in troubled waters," and to take advantage of the weakness of Russia.

Recently, since October, 1919, the policy of Japan in Siberia has been very materially and beneficially modified. Her statesmen seem to have awakened to a realization of the fact that, in the long run, it will prove a profitable policy to secure the friendship and good-will of the new Russia, and to share with other nations in the

immense volume of trade essential to Russia's reconstruction. It may be that the change in policy is not due to any such high reasoning, however, but to a belated recognition of the important fact that Bolshevism is far more likely to spread over Asia than over Europe or America. Bolshevism is, in fact, far more congenial to the Orient than to the Occident. The traditions and political experience of Oriental nations make it relatively easy for conspiratory movements and dictatorships to gain headway. It is much harder in countries which have enjoyed constitutional, representative governments. Realizing this, and blocked on the west by the failure of Bolshevism in Germany and in Hungary, the leaders of the Russian Bolsheviki have turned their attention to the spread of their propaganda among the Asiatic peoples.

They are reaching into China, Turkey, into Persia, Afghanistan, and India. They are making connection with, and exploiting, Pan-Islamism. All the Moslem hatred of Christianity and resentment against the treatment of Turkey in the peace settlement, all the fanatical nationalism of Persia and India they welcome as so much grist to their mill. According to semi-official accounts in *The London Times*, the leaders of the recent serious riots at Amritsar were in touch with the Russian Bolsheviki. There is not, indeed there cannot well be, any pretense that these Asiatic nations have reached anything approaching the economic development which Lenin has many times declared to be essential to a collectivist state of any kind, whether Soviet or parliamentary in form. The Bolshevist leaders can

hardly pretend or hope to find in Mohammedanism any kinship with Marxism. What they can hope to find in common with and useful to their purpose in Persia, Turkey, Afghanistan, and India is a fear and hatred of democracy and of western civilization. The Bolshevist leader, Karl Radek, said in a recent interview: "If we cannot have peace we will fight to a finish. If the war keeps on we will set the Near and Far East on fire. We will stir up such trouble in Turkey, Afghanistan, Turkestan, Kurdistan, Persia, and India that England will not have another quiet moment." [1]

Perhaps it is because Japan is genuinely alarmed by this development of Bolshevism that her policy in Siberia has changed. To fight the Bolsheviki becomes for her a matter of self-protection. That she would prefer to do this in Siberia rather than in China, for instance, is probable. Certainly, Japan cannot afford to permit the virus of Bolshevism to spread throughout Asia. In this her interest becomes coincidental with that of the western nations. Dangerous as Pan-Asianism under the hegemony of Japan would be to western civilization, a Pan-Asian Bolshevism would be infinitely more dangerous. In preventing that Japan will render a great service to the Occidental nations as well as to the Orient.

Serious students of Russian affairs have feared that, as a consequence of the disastrous defeats of the Russian anti-Bolshevist forces, the Allied and Associated nations would be induced to recognize the Soviet government which rules in

[1] *New York Globe*, December 29, 1919.

central Russia with such tyranny. It is to be hoped that the honor of America will not be sullied by any such action. The crimes of the Bolsheviki against civilization, against all that civilized nations hold sacred and dear, have been too monstrous and too systematically contrived and pursued to warrant our having any relations with them. Recently Lenin and other responsible leaders of the Bolsheviki have adopted the tone and manner of moderation and sweetly reasonable opportunism toward our own and other governments. We shall do well to remember in connection with every plausible address from that quarter that it is a fundamental principle of the perverted philosophy upon which Bolshevism rests that truth and honor are "bourgeois conceptions," and that treachery and deceit are legitimate weapons. It is of the essence of the faith of the whole movement that to make agreements without the least intention of keeping them is a valuable proletarian method of class warfare.

I have indicated among the possibilities such a reform of Bolshevism as would make possible the recognition of the Bolsheviki by other nations and a resumption of trade relations.[1] Notwithstanding the moderation of tone adopted by Lenin, Tchicherine, and other leaders, there is nothing in the recent developments of Bolshevism to warrant the belief that such a condition has been reached. True, Bolshevism has ceased to be Bolshevism, as I have already pointed out, but instead of reforming and becoming less dangerous to civilization, it has developed new terrors. Every believer in democracy

[1] See p. 33.

must oppose any recognition of the Bolsheviki as the *de facto* government of Russia.

On the other hand, as long as there are any considerable constructive forces in Russia united against the Bolsheviki and pledged to the conditions set forth by the Council of the Allied and Associated Powers, on May 26, 1919, they should be given recognition and whatever aid and support, other than armed assistance, may be needed. If necessary, Congress should act and authorize the use of government credit for the purpose of aiding these forces, reconstructing the economic life of the areas freed from Bolshevist control and relieving the distress and suffering due to famine and disease. There should be no repetition of the tragic dealing with Kolchak, the failure to give the support definitely promised to him. If, as is quite likely, the anti-Bolshevist forces are so utterly eliminated that there remains, on Russian soil, nothing of the All-Russian-Government it is difficult to see how the resumption of trade with Russia can be long delayed. Through the co-operatives this may be done without a *pro-forma* recognition of the Soviet government. This was proposed to our State Department several months ago by Mr. Berkenheim, on behalf of the Russian co-operatives. In actual fact, however, the co-operatives will be the agents of, and subject to control by, the Soviet government.

There is one great danger in the situation against which I would earnestly and solemnly warn my fellow-countrymen—namely, the danger of a war against Bolshevism which becomes a war against

Russia and which will unite all the Russian nation under the banners of the Bolsheviki. A drive toward central Europe by the large disciplined Bolshevist army would be fraught with very serious consequences, not the least important of these being the restoration of German militarism. Germany must fight and defeat the forces of Bolshevist Russia or she must seek alliance with her. Either event would be a peril to the rest of the world. Recognizing this, European statesmen and publicists have placed their reliance upon a barrier of buffer states to keep Bolshevism from spreading westward. Of these buffer states Poland is most important, Rumania being next in order. The Baltic states—Esthonia, Lithuania, and Letvia—are less important, though far from insignificant It is proposed to guarantee the independence of the Baltic states, to support Rumania's claim to Bessarabia, and to strengthen Poland—upon whom the burden of fighting the Bolsheviki will principally fall—by permitting her to annex a great stretch of Russian territory, and by giving her economic and military support. In other words, the program of the Polish imperialists is to be complied with.

With such a policy the United States should have nothing whatever to do, either directly or indirectly. Any attempt to dismember Russia in such a manner, for the protection of western Europe, would unite all factions in Russia against it. There will cease to be a majority in Russia struggling to overthrow the Bolshevist minority. For the unity of Russia, for the maintenance of her outlet to the sea, so

vital to her economic life, Russia will fight so that it will be said of her that

> Then none was for a party,
> But all were for the state.

There will be no anti-Bolshevism in Russia if anti-Bolshevism outside of Russia assumes the form suggested. Moreover, such a policy will make inevitable a renewal of war, with probable consequences too terrible to contemplate. Ready as we may be, and ought to be, to help the Russian people in their fight against Bolshevism, we must not fight against Russia in the hope that thereby we can crush Bolshevism. The United States government ought to make it quite clear to the world that this nation will not support, or countenance, any policy based upon the dismemberment and Balkanization of Russia.

Finally, for reasons which have been set forth in the body of the book, with much detail of argument and illustration, there should be a very clear recognition, alike by the government and the people of the United States, of the great and far-reaching importance of securing for this country a very large share in the immense volume of trade which Russia's recovery and economic reconstruction must inevitably produce. As I have attempted to emphasize in the text, we need not, and must not, seek to dominate the economic life of Russia; we need not, and must not, attempt to secure a monopoly of her foreign trade; we can have no interest in trying to exclude either Germany or Japan—or any other nation—from

enjoying full and free trade intercourse with Russia. Our interest—which is identical with the interest of Russia herself and of civilization generally—is to see Russia healed of her wounds, made strong and set free—a strong and free nation in a free world.

J. S.

Old Bennington, Vermont,
January 3, 1920

APPENDIX A

AUTONOMY FOR DIFFERENT NATIONALITIES IN RUSSIA

Interview with M. Sazonov, published in the French Press, July, 1919

I have often been approached lately with the request that more detailed explanation be presented of the meaning of the term "autonomous arrangement" which, according to the pledge given by Admiral Kolchak in his reply to the Allied and associated powers, is to govern in the future the life of different nationalities within reconstituted Russia.

The laws regulating the status of nationalities, being of fundamental character, are to be embodied within the future "Constitution of Russia." To establish the Constitution will be the duty and the privilege of the Constituent Assembly, the Supreme Legislative elected by all the people. Therefore no regulations or decisions can be considered as final before ratified and approved by that body.

Still, certain basic conceptions regarding the question of autonomy are so clear and have at all times been so unanimously accepted by liberal constructive opinion in Russia that I feel no hesitation in outlining, in a general way, what, with all

certainty, will be the main features of autonomous privileges enjoyed by the nationalities within Russia.

It is to be remarked, first of all, that autonomous arrangement for nationalities naturally complies with the general system of decentralization to be applied in the reconstruction of Russia. In fact, one of the most harmful defects of the old system was its over-centralization, the endeavor to direct details of life in the remotest corner of the huge empire from a far-away bureaucratic center. In new Russia, on the contrary, local government is to be a fundamental basis of life. Experience is teaching that local government is the real foundation of efficient public structure. It is Admiral Kolchak's purpose to leave all local matters to the inhabitants themselves and to conserve for the state as a whole only functions of a general character to be embodied in the Constitution. Because of difference in customs, culture, and traditions, one must foresee for different parts of Russia varied forms of self-government, ranging from complete home rule down to elementary forms of communal administration, where, as with certain mountain tribes or nomads of Asia, the extremely low state of culture does not at the moment permit application of complete self-government and a certain period of education is necessary. In such cases the practice will be similar to that followed by the United States in its so-called "territories."

In the particular case of nationalities it is the aim and purpose of new Russia to give the different

peoples all the possibilities to construct their life according to their own customs and traditions and to cultivate their language and religion.

Self-government and nationalities must not prejudice, however, the unity and sovereignty of the state as a whole. Decentralization and the broadest local government are to be established within a unified state.

The essence of autonomous arrangement is provincial self-government having a local legislative assembly, popularly elected, as its basis. Provinces will be determined on ethnographic lines. Their legislatures will control all features of local public life, including provincial judiciary, revenues, and expenditures.

Delimitation of authority between central and local authorities can be best of all determined by enumerating the functions which would be attributed to the state as a whole, and outside of which the entire field of internal life and local administration would be left to the disposal of the nationalities themselves.

As such functions, belonging to the competency of the central government, one may enumerate:

Foreign relations, army and navy, unified monetary system, state finance, post and telegraph, main ways of communication, civil and criminal code, high courts of justice.

An important feature is to be the protection of rights of minorities.

This, in reality, is but a consequence of the principle of unity and equality of citizenship forbidding any discrimination whatever in any part of the

country against any citizen irrespective of his religion or locality of birth, and allowing every citizen equal political and civil rights all throughout the territory of Russia.

Before terminating I would like to add a few words in order to emphasize the sincerity and straightforwardness with which new Russia is approaching the question of giving the nationalities all the possibility for developing their culture and prosperity on a just and inviolable basis of constitutional privileges.

We are aware of the spirit of alienation and distrust which is animating at this moment many representatives of nationalities. We deplore the injustice and prejudice of this animosity, although we understand that it is but a reverberation of certain conditions of the past. We are facing the situation with patience and conciliation and are certain that reason and temperance will ultimately prevail. The future belongs to huge political bodies and not to small and parceled formations. The nationalities, once the basis of their autonomous life is firmly settled in justice and law, will understand that the real safeguard of their culture and national self-dependence lies in unity with the Russian people, peaceful and non-aggressive in its aims and purposes.

The nationalities, now animated with centrifugal tendencies, will certainly appreciate the benefits of being a part of a big state with all its promises of guardianship and the possibilities of development.

APPENDIX B

RUSSIAN ECONOMIC CONCESSIONS GRANTED BY THE BOLSHEVIKI

On July 9, 1919, the *Daily Consular and Trade Reports*, issued by the Bureau of Foreign and Domestic Commerce of the Department of Commerce, contained the following statement from the *Svensk Handelstidning* of April 3, 1919, transmitted by Trade Commissioner Norman L. Anderson, stationed at Stockholm:

The Soviet government in Russia is said to have lately given concessions to a Norwegian-American syndicate to exploit the enormous resources of northern Russia. The following is a report of the concession, taken from the official organ, *Severnaya Kommuna*, in Petrograd:

"The concession first comprises the establishment and operation of a railway line of normal gage for general traffic from Ob in Siberia to the west, in the direction of the town of Kotlas on the Dvina River, and from there two main tracks to Zvanka, where the Murman Railway joins the Petrograd-Vyatka-Siberia Railway, or past Zvanka directly to Petrograd. Besides, there are also proposed spur tracks to the town of Ustyug-Veliki and the Nadyezhdinski mills. The railway concession represents lines aggregating about 3,000 versts (approximately 2,000 miles).

USE OF EXTENSIVE FOREST-LANDS

"The concession also comprises the right to use 8,000,000 dessiatines (about 22,000,000 acres) of forest. Of these

8,000,000 dessiatines of forest, 2,000,000 dessiatines (5,500,000 acres) will be for the company's own needs for a term of eighty years. The net profit from these 2,000,000 dessiatines and the sawmills and factories that the company may establish is included in the surplus of the railway. Of the remaining 6,000,000 dessiatines the company has a right to fell the whole district, estimating that the forests are renewed every one hundred and fifty years. The concession for these 6,000,000 dessiatines is given for forty-eight years. According to the statutes, the company may hold its timber-lands over the whole of Russia. As to the 6,000,000 dessiatines, the company may demand that the districts be transferred in connected forests of 500,000 dessiatines (1,350,000 acres) for the establishment of special enterprises, according to the directions of the company.

FARMING, MINING, AND OTHER RIGHTS—TAXES—CONCESSIONARIES

"The company will have a right to use the soil that is laid out for the railway which is not cultivated or common land and is not taken up by other railway lines.

"The company has a right to use all live lodes found on examination of the lines. The company pays to the state one-half copeck per pood (36.1128 pounds) for ore dug out, without regard to the kind of ore. The company also has a right to establish and run shipyards and ports, to open steamship lines, to get, without charge, districts for the establishment of towns and villages. All such undertakings are looked upon as parts of the railway project. Further, it may use water-power in the neighborhood of the railway line.

"The railway is permitted to start banking enterprises of its own at all railway stations and in neighboring towns. It is to be observed, however, that these banking enterprises must not take cash loans on interest.

"The company must pay to the Soviet government a charge of 5 per cent. of the quotation on the London market for timber cut, while the charge for fuel and building material for local use is according to local prices. Instead of paying income

and industrial taxes, the company pays 25 per cent. of its net profit, but no minimum sum is fixed. When necessary, the company must procure tonnage of 10,000 to 20,000 tons.

"The concession is granted to the Russian, Borissof, and the Norwegian, Ganewitsch (Hannevig), who has American capital behind him. If the Hannevig group does not assume the undertaking, the concession will be offered on the international financial market."

APPENDIX C

Table I

GROWTH OF PRINCIPAL CITIES

(According to V. I. Pokrovski, in "Russia at the End of the Nineteenth Century," published by the Ministry of Finance)

Cities	Number of Inhabitants		Increase of the Population
	1867	1897	
			Per Cent.
St. Petersburg	539,471	1,267,023	136.7
Moscow	351,609	1,035,664	194.8
Warsaw	180,657	638,208	253.0
Odessa	118,970	405,041	240.0
Lodz	32,437	315,299	872.0
Riga	77,468	282,943	264.6
Kiev	68,429	247,432	261.7
Charkov	52,016	174,846	236.0
Tiflis	60,776	160,645	163.3
Vilna	69,467	159,568	129.7
Tashkent	80,000	156,414	95.5
Saratov	84,391	137,109	62.5
Kazan	63,084	131,508	106.9
Ekaterinoslav	19,908	121,216	508.0
Rostov-on-Don	29,261	119,889	310.0
Astrakhan	42,832	113,001	163.8
Baku	13,992	112,253	702.0
Tula	53,739	111,048	106.6
Kishenev	94,124	108,796	15.6
Libau	10,227	64,505	540.0
Ekaterinodar	9,504	65,697	591.0
Tzaritzyn	8,456	55,967	562.0
Ivanovo-Vosnesenk	1,350	53,949	3,896.2
Sebastopol	8,218	50,710	517.0
Vladikavkaz	3,358	43,843	1,205.6

Table II

DEVELOPMENT OF INDUSTRIES IN RUSSIA, 1887–97
(*According to official data*)

Industries	*Value of the Product (in Thousands of Rubles)*				
	1887	1890	1893	1896	1897
Textiles........	463,044	519,365	621,929	837,598	946,296
Foodstuffs......	375,286	391,947	399,700	627,815	648,116
Animal products	79,495	74,391	78,422	117,473	132,058
Wooden products.........	25,688	33,377	38,876	91,258	102,897
Paper..........	21,030	23,804	27,529	45,386	45,490
Chemicals......	21,509	29,750	39,560	57,139	59,555
Ceramics.......	28,965	32,543	34,472	70,046	82,590
Mining and smelting....	156,012	202,894	249,168	339,170	393,749
Metal products	112,618	127,920	171,140	283,973	310,626
Other industries	50,852	66,672	74,201	121,106	117,767
Total.....	1,334,499	1,502,663	1,734,997	2,590,964	2,839,144

Table III

DEVELOPMENT OF INDUSTRIES IN RUSSIA, 1887–97
(*According to official data*)

Industries	*Number of Factories in 1897*	*Number of Workmen Employed*				
		1887	1890	1893	1896	1897
Textiles.........	4,449	399,178	433,320	497,040	545,920	642,520
Foodstuffs....	16,512	205,223	203,000	216,834	239,899	255,357
Animal products.........	4,238	38,876	39,684	44,228	63,484	64,418
Wooden products.........	2,357	30,703	36,101	39,013	75,411	86,273
Paper	532	10,401	27,389	33,803	35,328	46,190
Chemicals.....	760	21,134	27,701	28,382	36,402	35,320
Ceramics......	3,413	67,346	72,361	75,474	90,551	143,291
Mining and smelting	3,412	390,915	426,635	461,455	489,038	544,333
Metal products.	2,412	103,300	100,982	132,008	182,514	214,311
Other industries	935	41,882	48,467	5[illegible],867	59,928	66,249
Total. ..	39,029	1,318,048	1,424,730	1,582,004	1,818,475	2,098,262

APPENDIX D

JAPAN'S TERRITORIAL AIMS

Despatches from M. Krupensky, Russian Ambassador at Tokio.

February 8, 1917:

I never omit an opportunity for representing to the Minister for Foreign Affairs the desirability, in the interests of Japan herself, of China's intervention in the war, and only last week I had a conversation with him on the subject. To-day I again pointed out to him that the present moment was particularly favorable, in view of the position taken up by the United States, and the proposal made by them to the neutral Powers to follow their example, and more particularly, in view of the recent speeches of the American Minister at Peking. Viscount Motono replied that he would be the first to welcome a rupture between China and Germany, and would not hesitate to take steps in this direction at Peking if he were sure that the Chinese government would go in that direction. So far, however, he had no such assurance, and he feared lest unsuccessful representations at Peking might do harm to the Allies. He promised me to sound the attitude of Peking without delay, and, in case of some hope of success, to propose to the Cabinet to take a decision in the desired direction.

On the other hand, the Minister pointed out the necessity for him, in view of the attitude of Japanese public opinion on the subject, *as well as with a view to safeguard Japan's position at the future Peace Conference, if China should be admitted to it, of securing the support of the Allied Powers to the desires of Japan in respect of Shantung and the Pacific islands.* These desires

are for the succession to all the rights and privileges hitherto possessed by Germany in the Shantung province and for the acquisition of the islands to the north of the equator which are now occupied by the Japanese.

Motono plainly told me that the Japanese government would like to receive at once the promise of the Imperial government to support the above desires of Japan. In order to give a push to the highly important question of a break between China and Germany, *I regard it as very desirable that the Japanese should be given the promise they ask, this the more so as, so far as can be seen here, the relations between Great Britain and Japan have of late been such as to justify a surmise that the Japanese aspirations would not meet with any objections on the part of the London Cabinet.*

March 1, 1917:

The Minister for Foreign Affairs asked me to-day whether I had received a reply from the Imperial government relating to Japan's desires on the question of Shantung and the Pacific islands, and told me that the Japanese government would very much like to have at the earliest moment a promise from us on the subject.

APPENDIX E

Part I

JAPAN'S DEMANDS ON CHINA

The original Twenty-one Demands, as presented January 18, 1915.

I

The Japanese government and the Chinese government, being desirous of maintaining the general peace in eastern Asia and further strengthening the friendly relations and good neighborhood existing between the two nations, agree to the following articles:

Article I. The Chinese government engages to give full assent to all matters upon which the Japanese government may hereafter agree with the German government relating to the disposition of all rights, interests, and concessions which Germany, by virtue of treaties or otherwise, possesses in relation to the province of Shantung.

Article II. The Chinese government engages that within the province of Shantung, and along its coast, no territory or island will be ceded or leased to a third power under any pretext.

Article III. The Chinese government consents to Japan's building a railway from Chefoo or Lungkou to join the Kiaochau-Tsinanfu Railway.

Article IV. The Chinese government engages, in the interest of trade and for the residence of foreigners, to open by herself as soon as possible certain important cities and towns in the province of Shantung as commercial ports. What places shall be opened are to be jointly decided upon in a separate agreement.

II

The Japanese government and the Chinese government, since the Chinese government has always acknowledged the special position enjoyed by Japan in south Manchuria and eastern inner Mongolia, agree to the following articles:

Article I. The two contracting parties mutually agree that the term of lease of Port Arthur and Dalny and the term of lease of the South Manchurian Railway and the Antung-Mukden Railway shall be extended to the period of ninety-nine years.

Article II. Japanese subjects in south Manchuria and eastern inner Mongolia shall have the right to lease or own land required either for erecting suitable buildings for trade and manufacture or for farming.

Article III. Japanese subjects shall be free to reside and travel in south Manchuria and eastern inner Mongolia and to engage in business and in manufacture of any kind whatsoever.

Article IV. The Chinese government agrees to grant to Japanese subjects the right of opening the mines in south Manchuria and eastern Mongolia. As regards what mines are to be opened, they shall be decided upon jointly.

ARTICLE V. The Chinese government agrees that in respect of the (two) cases mentioned herein below the Japanese government's consent shall be first obtained before action is taken:

(*a*) Whenever permission is granted to the subject of a third power to build a railway or to make a loan with a third power for the purpose of building a railway in south Manchuria and eastern inner Mongolia.

(*b*) Whenever a loan is to be made with a third power pledging the local taxes of south Manchuria and eastern inner Mongolia as security.

ARTICLE VI. The Chinese government agrees that if the Chinese government employs political, financial, or military advisers or instructors in south Manchuria or eastern Mongolia, the Japanese government shall first be consulted.

ARTICLE VII. The Chinese government agrees that the control and management of the Kirin-Changchun Railway shall be handed over to the Japanese government for a term of ninety-nine years dating from the signing of this agreement.

III

The Japanese government and the Chinese government, seeing that Japanese financiers and the Hanyehping Company have close relations with each other at present, and desiring that the common interests of the two nations shall be advanced, agree to the following articles:

ARTICLE I. The two contracting parties mutually agree that when the opportune moment arrives

the Hanyehping Company shall be made a joint concern of the two nations, and they further agree that, without the previous consent of Japan, China shall not by her own act dispose of the rights and property of whatsoever nature of the said company nor cause the said company to dispose freely of the same.

ARTICLE II. The Chinese government agrees that all mines in the neighborhood of those owned by the Hanyehping Company shall not be permitted, without the consent of the said company, to be worked by other persons outside of the said company; and further agrees that if it is desired to carry out any undertaking which, it is apprehended, may directly or indirectly affect the interests of the said company, the consent of the said company shall first be obtained.

IV

The Japanese government and the Chinese government, with the object of effectively preserving the territorial integrity of China, agree to the following special article:

The Chinese government engages not to cede or lease to a third power any harbor or bay or island along the coast of China.

V

ARTICLE I. The Chinese central government shall employ influential Japanese as advisers in political, financial, and military affairs.

ARTICLE II. Japanese hospitals, churches, and schools in the interior of China shall be granted the right of owning land.

ARTICLE III. Inasmuch as the Japanese government and the Chinese government have had many cases of dispute between Japanese and Chinese police which caused no little misunderstanding, it is for this reason necessary that the police departments of important places (in China) shall be jointly administered by Japanese and Chinese, or that the police departments of these places shall employ numerous Japanese, so that they may at the same time help to plan for the improvement of the Chinese police service.

ARTICLE IV. China shall purchase from Japan a fixed amount of munitions of war (say 50 per cent. or more of what is needed by the Chinese government), or that there shall be established in China a Sino-Japanese jointly worked arsenal. Japanese technical experts are to be employed and Japanese material to be purchased.

ARTICLE V. China agrees to grant to Japan the right of constructing a railway connecting Wuchang with Kiukiang and Nanchang, another line between Nanchang and Hangchow, and another between Nanchang and Chaochou.

ARTICLE VI. If China needs foreign capital to work mines, build railways, and construct harbor-works (including dockyards) in the province of Fukien, Japan shall be first consulted.

ARTICLE VII. China agrees that Japanese subjects shall have the right of missionary propaganda in China.

Part II

THE DEMANDS IN REVISED FORM AS PRESENTED APRIL 26, 1915

Group I

The Japanese government and the Chinese government, being desirous of maintaining the general peace in eastern Asia and further strengthening the friendly relations and good neighborhood existing between the two nations, agree to the following articles:

Article I. The Chinese government engages to give full assent to all matters upon which the Japanese government may hereafter agree with the German government, relating to the disposition of all rights, interests, and concessions which Germany, by virtue of treaties or otherwise, possesses in relation to the province of Shantung.

Article II. (Changed into an exchange of notes.) The Chinese government declares that within the province of Shantung and along its coast no territory or island will be ceded or leased to any power under any pretext.

Article III. The Chinese government consents that as regards the railway to be built by China herself from Chefoo or Lungkou, to connect with the Kiaochau-Tsinanfu Railway, if Germany is

willing to abandon the privilege of financing the Chefoo-Weihsien line, China will approach Japanese capitalists to negotiate for a loan.

ARTICLE IV. The Chinese government engages in the interest of trade and for the residence of foreigners to open by China herself as soon as possible certain suitable places in the province of Shantung as commercial ports.

(Supplementary exchange of notes.)

The places which ought to be opened are to be chosen, and the regulations are to be drafted, by the Chinese government, but the Japanese Minister must be consulted before making a decision.

Group II

The Japanese government and the Chinese government, with a view to developing their economic relations in south Manchuria and eastern inner Mongolia, agree to the following articles:

ARTICLE I. The two contracting powers mutually agree that the term of lease of Port Arthur and Dalny and the term of the South Manchurian Railway and the Antung-Mukden Railway shall be extended to ninety-nine years.

(Supplementary exchange of notes.)

The term of lease of Port Arthur and Dalny shall expire in the eighty-sixth year of the Republic, or 1997. The date for restoring the South Manchurian Railway to China shall fall due in the ninety-first year of the Republic, or 2002.

Article XII in the original South Manchurian Railway Agreement, that it may be redeemed by

China thirty-six years after the traffic is opened, is hereby canceled. The term of the Antung-Mukden Railway shall expire in the ninety-sixth year of the Republic, or 2007.

ARTICLE II. Japanese subjects in south Manchuria may lease or purchase the necessary land for erecting suitable buildings for trade and manufacture or for prosecuting agricultural enterprises.

ARTICLE III. Japanese subjects shall be free to reside and travel in south Manchuria and to engage in business and manufacture of any kind whatsoever.

ARTICLE III*a*. The Japanese subjects referred to in the preceding two articles, besides being required to register with the local authorities passports, which they must procure under the existing regulations, shall also submit to police laws and ordinances and tax regulations which are approved by the Japanese consul. Civil and criminal cases in which the defendants are Japanese shall be tried and adjudicated by the Japanese consul; those in which the defendants are Chinese shall be tried and adjudicated by Chinese authorities. In either case an officer can be deputed to the court to attend the proceedings. But mixed civil cases between Chinese and Japanese relating to land shall be tried and adjudicated by delegates of both nations conjointly, in accordance with Chinese law and local usage. When the judicial system in the said region is completely reformed, all civil and criminal cases concerning Japanese subjects shall be tried entirely by Chinese law-courts.

ARTICLE IV. (Changed to an exchange of notes.)

The Chinese government agrees that Japanese subjects shall be permitted forthwith to investigate, select, and then prospect for and open mines at the following places in south Manchuria, apart from those mining areas in which mines are being prospected for or worked; until the mining ordinance is definitely settled, methods at present in force shall be followed:

Province of Feng-tien

Locality	*District*	*Mineral*
Niu Hsin T'ai	Pen-hsi	Coal
Tien Shih Fu Kou	Pen-hsi	"
Sha Sung Kang	Hai-lung	"
T'ieh Ch'ang	T'ung-hua	"
Nuan Ti T'ang	Chin	"
An Shan Chan region	From Liao-yang to Pen-hsi	Iron

Province of Kirin (Southern Portion)

Locality	*District*	*Mineral*
Sha Sung Kang	Ho-lung	Coal and Iron
Kang Yao	Chi-lin (Kirin)	Coal
Chia Pi'i Kou	Hua-tien	Gold

Article V. (Changed to an exchange of notes.) The Chinese government declares that China will hereafter provide funds for building railways in south Manchuria; if foreign capital is required the Chinese government agrees to negotiate for a loan with Japanese capitalists first.

Article V*a*. (Changed to an exchange of notes.) The Chinese government agrees that hereafter,

when a foreign loan is to be made on the security of the taxes of south Manchuria (not including customs and salt revenue on the security of which loans have already been made by the Central government), it will negotiate for the loan with Japanese capitalists first.

ARTICLE VI. (Changed to an exchange of notes.)

The Chinese government declares that hereafter if foreign advisers or instructors on political, financial, military, or police matters are to be employed in south Manchuria, Japanese will be employed first.

ARTICLE VII. The Chinese government agrees speedily to make a fundamental revision of the Kirin-Changchun Railway Loan Agreement, taking as a standard the provisions in railway loan agreements made heretofore between China and foreign financiers. If, in future, more advantageous terms than those in existing railway loan agreements are granted to foreign financiers, in connection with railway loans, the above agreement shall again be revised in accordance with Japan's wishes.

Chinese Counter-Proposal to Article VII

All existing treaties between China and Japan relating to Manchuria shall, except where otherwise provided for by this convention, remain in force.

Matters Relating to Eastern Inner Mongolia

1. The Chinese government agrees that hereafter when a foreign loan is to be made on the

security of the taxes of eastern inner Mongolia, China must negotiate with the Japanese government first.

2. The Chinese government agrees that China will herself provide funds for building the railways in eastern inner Mongolia; if foreign capital is required, she must negotiate with the Japanese government first.

3. The Chinese government agrees, in the interest of trade and for the residence of foreigners, to open by China herself, as soon as possible, certain places suitable in eastern inner Mongolia as commercial ports. The places which ought to be opened are to be chosen, and the regulations are to be drafted, by the Chinese government, but the Japanese Minister must be consulted before making a decision.

4. In the event of Japanese and Chinese desiring jointly to undertake agricultural enterprises and industries incidental thereto, the Chinese government shall give its permission.

Group III

The relations between Japan and the Hanyehping Company being very intimate, if the interested party of the said company comes to an agreement with the Japanese capitalists for co-operation, the Chinese government shall forthwith give its consent thereto. The Chinese government further agrees that, without the consent of the Japanese capitalists, China will not convert the company into a state enterprise, nor confiscate it, nor cause

it to borrow and use foreign capital other than Japanese.

Article IV

China to give a pronouncement by herself in accordance with the following principle:

No bay, harbor, or island along the coast of China may be ceded or leased to any power.

Notes to Be Exchanged

A

As regards the right of financing a railway from Wuchang to connect with the Kiukiang-Nanchang line, the Nanchang-Hangchow Railway, and the Nanchang-Chaochow Railway, if it is clearly ascertained that other powers have no objection, China shall grant the said right to Japan.

B

As regards the right of financing a railway from Wuchang to connect with the Kiukiang-Nanchang Railway, a railway from Nanchang to Hangchow, and another from Nanchang to Chaochow, the Chinese government shall not *grant* the said right to any *foreign power* before Japan comes to an understanding with the other power which is heretofore *interested* therein.

The Chinese government agrees that no nation whatever is to be permitted to construct, on the

coast of Fukien Province, a dockyard, a coaling-station for military use, or a naval base; nor to be authorized to set up any other military establishment. The Chinese government further agrees not to use foreign capital for setting up the above-mentioned construction or establishment.

Mr. Lu, the Minister of Foreign Affairs, stated as follows:

1. The Chinese government shall, whenever in future it considers this step necessary, engage numerous Japanese advisers.

2. Whenever in future Japanese subjects desire to lease or purchase land in the interior of China for establishing schools or hospitals the Chinese government shall forthwith give its consent thereto.

3. When a suitable opportunity arises in future the Chinese government will send military officers to Japan to negotiate with Japanese military authorities the matter of purchasing arms or that of establishing a joint arsenal.

Mr. Hioki, the Japanese Minister, stated as follows:

As relates to the question of the right of missionary propaganda, the same shall be taken up again for negotiation in future.

APPENDIX F

RUSSIAN WATER-POWER PROJECT ON RIVER VYG

(*By De Witt C. Poole, Jr., counselor of the embassy, Archangel, May 5, 1919*)

A Russian engineer has applied to the Provisional government of north Russia under date of April 1st, requesting that he be given a guaranty on behalf of his principals to the effect that the government will grant a concession for the exploitation of two waterfalls on the river Vyg.

Substance of Request for Concession

In his request the engineer recites the following:

In the spring of 1915 the founders of the company called White Coal of the North were granted permission by the Russian government to survey the Vyg River. During 1915, 1916, and 1917 there was worked out a project for the utilization of water-power amounting to 80,000 horse-power. The engineer states that if the guaranty is given, he will proceed to Paris, where the chief financial leaders mentioned above are now located, in order to arrange for the financing of the enterprise. He also promises to start actual construction operations as soon as the river and the surrounding territory are freed from the Bolsheviks. (The river Vyg flows from Lake Vyg, which is just north of Lake Onega, due north to the White Sea, which it enters at the town of Soroka on the Murman Railroad.) Two Russian banks agreed in 1917 to finance

this project, and so informed the Kerensky government. The concessionnaires will agree that the company will never be sold to any foreign company in which there are not at least 50 per cent. of Russian capitalists.

The purposes of the company are (1) the extraction of nitrogen from the air by use of electric power; (2) electro-smelting of bog-iron ore; (3) the manufacture of wood pulp from timber; and (4) the electrification of that portion of the Murman Railroad to which power can be transmitted.

History of Power Project

At a special sitting of the Provisional government held on May 5, 1917, in Petrograd, reported in the special journal No. 6A of same date, a law was established providing that the exploitation of water-power in Russia by private persons should be done only on the basis of concessions. The granting of such concessions and the supervision thereof was placed in the hands of a water-power committee, which was thereby founded.

Various ministerial institutions, such as the Board of Internal Waterways (Ministry of Ways of Communication), the Board of Ship-building (Ministry of Marine), the Ministry of War, and the Ministry of Trade and Industry, approved of the company's project in principle. It was first decided, however, that the White Coal Company should exploit only one of the two falls on the river and that its work should be confined to the production of nitrogen. The company persuaded the authorities finally not to separate the exploitation of the falls, and it was also allowed to base its plans on the four modes of utilization of electric energy

already mentioned. The White Coal of the North Company is the only company that has ever surveyed this river.

As stated, the river rises in the Vyg Lake and flows parallel to the Murman Railroad to Soroka. One of the falls is situated near the point where the river leaves the lake, and the other is near the mouth of the river at Soroka.

The plan of the company is to make first use of the Shavanski Falls, 9 versts (6 miles) from the lake, building there a hydraulic-power station of 60,000 horse-power, which it is proposed to use in the annual production of about 10,000,000 poods (161,000 long tons) of steel and pig-iron. The second effort of the company will be to utilize the Matkozhenski Falls, 25 versts (16½ miles) south of the town of Soroka. The hydraulic-power station here is to be for 60,000 horse-power, to be used in the production of nitrogen from the air. It is estimated that 800,000 poods (13,000 tons) of nitric acid and 2,000,000 poods (32,000 tons) of fertilizer can be produced annually. At war-time prices it has been estimated that these two enterprises, complete, with all appliances, will cost 27,000,000 rubles. The company claims to have spent 120,000 rubles on surveys, drawings, etc. (The official exchange rate for the new currency of north Russia is 40 rubles to the pound sterling, or about 12 cents. At this rate, the foregoing amounts would be $3,240,000 and $14,400, respectively; but the surveys were probably made when the ruble was worth much more than 12 cents.)

Terms of the Agreement

(1) The entrepreneur agrees to: (*a*) build hydroelectric-power plants at the Shavanski and Boitski (Matkozhenski) Falls; (*b*) with the energy so obtained to produce the merchandise later demanded of him and under the conditions set forth below.

(2) The entrepreneur can use for his own benefit the surplus electrical energy remaining after satisfaction of the demands mentioned above in point (*b*) of paragraph 1 and below in paragraph 10. This energy can be either used on the spot or transmitted to a distance.

(3) The power station will be built according to plans approved by the Ministry of Ways of Communication. If the plans submitted do not make provision for the demands of navigation or log-floating or fisheries on the river they must be changed. Certain technical limits as to water-levels in the lake and river must be observed.

(4) The entrepreneur will keep the plants in perfect technical order as required by the terms of the concession or by subsequent special rules.

(5) The entrepreneur will have full control of the water-levels within the limits set forth in paragraph 3 under regulations issued by the Ministry of Ways of Communication.

(6) The entrepreneur will build and put into operation within three years (*a*) dams, sluices, etc.; (*b*) hydroelectric stations; (*c*) acid and fertilizer factories; (*d*) workmen's quarters; (*e*) full-gage branch railroad to one of the nearest stations on the

Murman Railroad; (*f*) a highway to the same point; (*g*) other construction work necessary for the proper functioning of the enterprise.

(7) During a period of ten years from the opening of operations the entrepreneur agrees to sell to the Ministry of War (*a*) 400,000 poods (6,500 long tons) of nitric acid of not less than 90 per cent. strength, at a price of not more than ——— rubles; (*b*) not less than 10 per cent. of the entire amount of fertilizer produced, at a price, f.o.b. factory, which shall be not less than 15 per cent. cheaper than the prevailing market price. If a higher productivity is demanded of the factory a year's notice must be given. After ten years the amounts and prices of the factory's contract deliveries to the government will be set for three-year periods, and in delivering these prices a normal profit of 8 per cent. on the invested capital must be reckoned.

(8) The portion of the products mentioned in paragraph 6 which are not contracted for by the government remain in the hands of the entrepreneur for sale at prices fixed by him.

(9) The water-power stations must utilize the full power of the falls. Inside of three years from the conclusion of the contract the works must produce 50 per cent. more of the products mentioned in paragraph 7 than is there demanded. After ——— years the production must attain the maximum of which the horse-power generated at the falls is capable.

(10) During the first ten years the government can demand that it be allowed to utilize all the electrical energy which is not used in the factories

themselves, but this must not exceed 10,000 horse-power nor must the price thereon be more than ——— rubles. The remaining energy is for the use of the entrepreneur, as in paragraph 2.

(11) If electrical energy is sold to third parties by the entrepreneur, the prices therefor must agree with the published tariffs, but are not to be more than ——— rubles per kilowatt hour, all prices depending upon the use to which the energy is put, whether for lighting, traction, or industrial purposes, and in all cases the government is to have the precedence as a purchaser over private parties.

(12) The entrepreneur will be given the right of eminent domain to take and use private lands for the construction of (*a*) dams, sluices, and locks for boats; (*b*) water-power plants; (*c*) factories, as mentioned in paragraph 6; (*d*) workmen's villages; (*e*) transmission lines; (*f*) roads and railroads. The company's right of eminent domain also applies to all land that is liable to be flooded up to the high-water line resulting from the highest water-level permissible according to paragraph 3. All government lands necessary will be given free of charge for the above purposes, but the ownership so vested in the entrepreneur will not include the ownership of various materials either below or on the surface of the land, except building material, unless especially agreed to. The entrepreneur is to deposit ——— rubles as a fund to insure payments to private owners of land taken under the right of eminent domain.

(13) The railroads mentioned in paragraphs 6

and 12 are to be built under the prevailing laws governing privately owned branch lines.

(14) At the end of three years from the opening of the factory there must be in each class and grade of the company's employees at least 50 per cent. of Russian citizens; at the end of the eighth year, 75 per cent.; and at the end of the tenth year, 95 per cent.

(15) The surveys and construction work mentioned in paragraph 6 are to be supervised by a special board of inspection acting under instructions from the Ministry of Ways of Communication. Its expenses will be paid by the entrepreneur.

(16) The industrial work carried on in the factories will be controlled by the usual factory laws.

(17) Before the signing of the contract the entrepreneur must submit complete and detailed commercial and technical calculations regarding the costs of the products he is to sell. These calculations are to be based on a concession to last thirty years, with a second set based on a fifty-year tenure. The quantities of products to be produced, as mentioned in these calculations, are binding on the company. When the period of the concession runs out at the end of either thirty or fifty years the entire plants for utilizing the water-power of the falls and for the transmission of this power revert free of charge to the government and must be delivered to it in good working order.

(18) At the end of ——— years after the opening of the enterprise the government can purchase it in its entirety. The basis of the purchase price is to be as follows: The average net profit of the last

five years is to be taken as the normal profit. This will be capitalized at not less than 5 per cent. for each of the years the contract has yet to run.

(19) If the net profit for any financial year is more than 8 per cent. on the invested capital the surplus profit is to be divided equally between the entrepreneur and the government.

(20) The entrepreneur must publish his accounts.

(21) The detailed decisions of the entrepreneur in building and managing the plant, the method by which disputed points not mentioned herein and not elsewhere covered are to be decided, are to be fixed in the terms of a detailed contract, which will be signed by the entrepreneur and the Minister of Ways of Communication as soon as the present fundamental agreement goes into effect.

—*Commerce Reports*, United States Department of Commerce, July 1, 1919.

APPENDIX G

DEVELOPMENT OF RUSSIAN AND SIBERIAN CO-OPERATIVES

I

(*From "Svensk Export," Stockholm, February, 1919; transmitted by Commercial Attaché Erwin W. Thompson, Copenhagen, Denmark*)

Russian co-operative activity extends back over a period of fifty years. But its flourishing development began about 1905 when co-operative societies began to appear in the towns everywhere, and their activities broke up the monopolistic control that the merchants had enjoyed in selling their goods at as much as 40 per cent. profit. These small local societies proved the strongest support of the co-operative movement.

At the same time this movement was beginning to develop in Siberia. The Siberian peasant is generally pretty well off and possesses considerably more farm-land than his Russian brother, and this has made it possible for him to take an interest in cattle-raising. The average farmstead in Siberia has from four to fifty cows, a number which the Russian peasant formerly could not even dream of having. The great Siberian railroad made it possible to secure good returns for farm products in

distant markets. Dairies sprang up everywhere, and with the aid of specially constructed refrigerator-cars great quantities of butter were successfully disposed of in foreign countries, principally England.

After the first few years of expansion, competition made itself a factor, and strife began between the individual producers. Finally there was formed a special dairy union for the sale of these products. In 1908 a dozen of these unions joined into a league to further strengthen their position, and by 1916 not less than 1,000 dairies belonged to the league, which is called the Union of Siberian Creamery Associations, one of the strongest organizations of this kind. There were many co-operative societies in various lines, but without any interconnection.

The war so disrupted private trade in Siberia that at the outbreak of the Revolution in March, 1917, hardly any private trade associations still existed. Here it was that co-operation succeeded, by the exchange of goods, in restoring order and system in trade. In this work an important part was played by the central co-operative society, Zakoopsbit, which was organized on the 1st of May, 1916, and covers most of the phases of economic life. The 8,362 societies had nearly 2,000,000 individual members perhaps serving seven or eight million people. Non-members have the privilege of making purchases in the co-operative stores, thereby deriving the benefit of lower prices.

In its work for the country's economic life the Zakoopsbit has also done much to develop Siberia's natural resources. For example, rights in a number of salt-water lakes have been secured, and it is

planned to erect a large soda manufactory with an annual production of 8,000 tons. A large number of other manufactories have also been erected or are in process of erection.

Co-operative societies have become an important feature of Siberian agricultural life; almost all purchases of supplies and sales of products are now managed by one or the other of the co-operative groups. In central and western Siberia, from Irkutsk to the Urals, there are seven to eight thousand of these societies, divided into the following groups: Peasant banks, 2,500; butter artels or dairy associations, 2,500; general merchandise artels, 2,500. The organizations are also carrying on a vigorous educational campaign.

II

(*Consul D. B. MacGowan, Vladivostok, Siberia, January 25, 1919*)

Though they continue to grow, the Siberian co-operative associations are suffering from lack of operating funds, owing to severance of communications with the Moscow Narodny Bank and to other causes. The management of some of the associations is not experienced in international commerce, and some of their efforts in this field have not progressed as favorably as was hoped; changes of officers are frequent, owing to annual elections, and political conditions have reacted rather unfavorably on the co-operatives.

According to the president of the Russo-Ameri-

can Committee for the Far East, all the fundamental branches of co-operation are represented in Siberia, viz., consumers' co-operation, agricultural co-operation, credit co-operation, and others. The consumers' co-operation in Siberia is united in the Union of Siberian Co-operative Unions (Zakoopsbit) and the Union of Siberian Creamery Associations, and active steps are now being taken to unite these two associations.[1]

According to a statement issued by the American committee of the Russian co-operative unions, the aims pursued by the organizations can be divided into three classes: (1) The purchase of goods direct without the intervention of middlemen (consumers' societies); (2) making provision for the sale of the product of labor without resource to middlemen (artels and agricultural associations); (3) the supply of small credit at cheap rates to the working population (credit co-operative societies).

The growth of the movement from 1905 to 1916 is illustrated by the following table:

Organizations	1905	1914	1915	1916	*Jan.* 1, 1917
Credit and loan associations.....	1,434	12,751	14,350	15,450	16,057
Consumers' societies...........	1,000	10,080	10,900	15,203	20,000
Agricultural societies..........	1,275	5,000	5,000	5,500	6,000
Artels of kustar and butter-making artels..................	2,000	3,000	3,300	3,600	4,000
Union of credit societies........	2	11	28	62	92
Total..................	5,711	30,842	33,578	39,815	46,149

[1] According to more recent information received by the Bureau of Foreign and Domestic Commerce, this amalgamation has been effected.

The principal offices of the Siberian Creamery Association are at Kurgan, with thirty additional offices in Siberia and agencies in London and New York. The region of activity of the organization comprises Orenburg Province and Turgai Territory in European Russia, and Tobolsk, Akmolinsk, Altai, and Semipalatinsk provinces in western Siberia. An American agency has recently been opened. The union possesses 4,100 creameries, producing 60 per cent. of all the butter made in Siberia, worth approximately 400,000,000 rubles, cheese factories, rope and soap factories, a shop for the repair of agricultural machinery, and many stores and consumers' societies; in addition, it publishes two magazines and several co-operative newspapers, and has courses of instruction in butter-making, bookkeeping, and store-work. The union aims at a joint disposal of agricultural produce on foreign markets and an exchange of merchandise with exporting countries.

The capital of the association has increased as follows: In 1908 it was 21,064 rubles; in 1916, 469,800 rubles; in 1917, 3,000,000 rubles; in 1918, 3,500,000 rubles. The turnover in 1908 amounted to 2,380,000 rubles; in 1916, to 73,493,000 rubles; in 1917, to 160,367,000 rubles; and in 1918, to 200,000,000 rubles. This organization is one of the strongest and best organized in Siberia.

Zakoopsbit has its head office at Novonikolaievsk, with branches at Vladivostok, Nikolaievsk, Samarkand, Blagovestchensk, Irkutsk, Omsk, Harbin, Ekaterinburg, and Petrograd, with foreign agencies at New York, London, Kobe, and Shanghai. The

union acts as manufacturer, importer, and exporter, dealing in wholesale, retail, and commission business. The total capital amounts to 26,568,800 rubles, and in 1918 total sales of the union were valued at 154,214,200 rubles. In 1917 the turnover amounted to 43,000,000 rubles, but these figures do not include the operations carried on by the various unions that make up the co-operative associations, which amounts to 500,000,000 rubles. In 1918 the union bought for export 1,000 tons of flax, 10,000 tons of wool, 800 tons of hair and bristle goods, and 2,000,000 pelts.

The Central Union of Russian Co-operative Societies, known as Centrosoyuz, has a large number of co-operative unions in Russia and Siberia, and its principal operations are in western Siberia, the Ural Mountains, the Volga Valley, and central Russia. It claims to represent a population of 75,000,000 in European Russia alone; at present it supplies about 25,000,000 persons. The activities of the Centrosoyuz include branches of most of the industrial enterprises in Siberia and Russia.

The total capital is about 850,000,000 rubles and the annual turnover in 1918 amounted to 1,000,000,000 rubles. The output of industrial enterprises last year was worth 81,840,000 rubles. At the beginning of political troubles in Russia the union transferred to London the sum of £1,500,000. Recently it has bought a large packing-house established at Kurgan, with a daily capacity of 300 head of cattle and 600 head of hogs; the annual turnover of this plant is about 72,000,000 rubles. The association is planning to erect a combined

tannery, machine-made-shoe factory, and a tanning-extract plant; later it expects to organize a mutual insurance society.

The United Credit Unions of Siberia, called Sincredsoyuz, has its main office at Omsk and branches in other cities of Siberia. The union embraces 32 constituent associations and represents 3,500 township mutual-credit unions; it operates twenty-eight flour-mills and many other industrial establishments and acts as importer and exporter of Siberian products. The paid-in capital is about 10,000,000 rubles. The banks have opened credits to the amount of 35,000,000 rubles, but these are not available, owing to the lack of currency. The association has a large quantity of raw materials in Vladivostok which it is unwilling to sell at prevailing prices, but which it desires to mortgage in order to procure funds for the purchase of commodities abroad.

According to a report dated January 4, 1919, there are 139 member unions in the Maritime Province Co-operative Association, with a total membership of 27,164, mainly peasants, a share capital of 759,147 rubles, and dues paid to the amount of 28,495 rubles. This association operates not only in the Maritime Province and the island of Saghalien, but also in the Amur Territory.

Banking co-operation is represented by the Union of Siberian Banking Unions, states an official of the Russo-American Committee for the Far East. The association aims to help grain producers, to secure the best agricultural implements for them, and to assist the peasant in acquiring technical knowledge

pertaining to agricultural production. It com-prises about 4,000 land and savings associa-tions, united according to region into 28 bankin unions. The board of the unions is located Novonikolaievsk. Although the capital is not large—only 1,000,000 rubles—the activities are increasin The association is greatly interested in the estab-lishment of sound economic relations with foreig countries, since it is not only an important buye but a large seller of goods.

The Moscow Union of Consumers' Societies the central all-Russian organization of consumer The principal object of the union is the purchase goods of first necessity, although it has its ow factories for tobacco, candy, matches, and soa The head office is in Moscow, with agencies di-tributed in various towns of Russia and Siber and in London. Last year the share capit amounted to 1,800,000 rubles. A remarkable in-crease is to be noted in the turnover of the unio in 1911 it was estimated at 3,500,000 ruble and in 1917 at 86,500,000 rubles. At the end 1917 the Moscow union was reorganized into Central All-Russian Union of Consumers' Societie which embraces more than 250 unions and abou 25,000 individual societies. This Central Unic is the largest body of organized consumers in th world, it is said.

The Russian Union of Zemstvos, or the Soyu of Zemstvos and Towns and the Zemsky Soyu were established during the war, when, beside doing Red Cross work, they established organiza-tions for purchasing materials and supplies for th

army. The aims of the new societies are to develop and finance Russian enterprises, to establish a trade apparatus to supply the demands of the Russian market by importing and distributing agricultural implements, clothing, etc., and to export Russian raw goods.

The central administration is in Moscow and branches are being opened in Petrograd, Tumen, Omsk, Novonikolaiev, Tomsk, Turkestan, Tashkent, and in the Caucasus. Transport offices are located at Archangel and Vladivostok, and special representatives of the organizations are in the United States, authorized to establish trade relations and make contracts.

The All-Russian Co-operative Union of Flax-Growers was founded in 1915. It comprises 46 unions, 142 individual societies in flax-producing provinces, and has a total membership of 1,500,000 individual members (peasant households). It practically controls the production and distribution of the product within Russia, as well as its exportation to other countries. In 1917 the union collected 40,000 tons of flax and bought 3,000 tons of flaxseed for distribution among their members; the total turnover amounted to 160,000,000 rubles. Last year about 18,000 tons of flax were sold in foreign countries, the proceeds to be used to buy machinery in England and America. The organization has an American representative.

The Co-operative Society of Railroad Workers is a co-operative purchasing organization made up of 1,500,000 railroad workers, and manages co-operative stores on all the Russian railway systems.

It supplies its members with general merchandise, including boots, shoes, clothing, etc. At present representatives of this society are in the United States arranging for purchases of supplies.

III

(*Consul-General Ernest L. Harris, Irkutsk, March 22, 1919*)

Owing to unsettled conditions, which prevented regular enterprises from keeping up their standard of business, the co-operatives have entered and practically monopolized fields into which they would not have gone in normal times. To-day the greater part of the co-operatives find themselves with considerable property and large organizations, but with little ready money with which to carry on operating expenses. In manufacturing they have had some success by grouping farmers and workmen in shops in different villages, furnishing the tools and materials, and taking the entire output, thus using the spare time of the farmers and showing them that money can be earned from other sources than land.

The co-operative movement has grown enormously in Siberia during the war, and the conditions produced during that period have greatly favored the societies. The result has been considerable overgrowth and inflation, which will be corrected in the near future when keen competition between co-operatives and merchants begins. As goods-distributing organizations there is nothing to equal

co-operatives, owing to the many thousands of branches they possess throughout Siberia.

In Tomsk the societies are doing most of the business with villages. Distribution is carried out by societies that are organized in each village to work in conjunction with the central organ. The large organizations are gradually buying and establishing small factories also.

The co-operative movement in the Irkutsk district is steadily increasing. There are no landed proprietors here, and small landholders favor the associations as the best purchaser of all kinds of goods for peasants. Co-operatives are gradually taking over all internal Russian trade in this section.

The co-operative movement is a genuine Russian movement, purely economic, and a powerful factor in Russian life. The organizations are democratic, handle their business well, although lacking educated people to fill the various positions effectively. Furthermore, the unions possess the necessary machinery for collecting and handling agricultural produce and raw goods as well as for supplying the general requirements for their members.

—*Commerce Reports*, United States Dept. of Commerce, May 24, 1919.

APPENDIX H

CORRESPONDENCE BETWEEN THE ALLIED AND ASSOCIATED POWERS AND ADMIRAL KOLCHAK

I

(*Despatch to Admiral Kolchak, dated May 26, 1919*)

The Allied and Associated Powers feel that the time has come when it is necessary for them once more to make clear the policy they propose to pursue in regard to Russia.

It has always been a cardinal axiom of the Allied and Associated Powers to avoid interference in the internal affairs of Russia. Their original intervention was made for the sole purpose of assisting those elements in Russia which wanted to continue the struggle against German autocracy and to free their country from German rule, and in order to rescue the Czecho-Slovaks from the danger of annihilation at the hands of the Bolshevik forces.

The Overtures to Moscow

Since the signature of the armistice on November 11, 1918, they have kept forces in various parts of Russia. Munitions and supplies have been sent to assist those associated with them at a very con-

siderable cost. No sooner, however, did the Peace Conference assemble than they endeavored to bring peace and order to Russia by inviting representatives of all the warring governments within Russia to meet them, in the hope that they might be able to arrange a permanent solution of Russian problems.

This proposal, and a later offer to relieve the distress among the suffering millions of Russia, broke down through the refusal of the Soviet government to accept the fundamental conditions of suspending hostilities while negotiations or the work of relief was proceeding.

Some of the Allied and Associated Governments are now being pressed to withdraw their troops and to incur no further expense in Russia, on the ground that continued intervention shows no prospect of producing an early settlement. They are prepared, however, to continue their assistance on the lines laid down below, provided they are satisfied that it will really help the Russian people to liberty, self-government, and peace.

The Allied and Associated Governments now wish to declare formally that the object of their policy is to restore peace within Russia by enabling the Russian people to resume control of their own affairs through the instrumentality of a freely elected Constituent Assembly, and to restore peace along its frontiers by arranging for the settlement of disputes in regard to the boundaries of the Russian state and its relations with its neighbors through the peaceful arbitration of the League of Nations.

The Conditions of Recognition

They are convinced by their experiences of the last twelve months that it is not possible to attain these ends by dealings with the Soviet government of Moscow. They are therefore disposed to assist the government of Admiral Kolchak and his associates with munitions, supplies, and food to establish themselves as the government of All-Russia, provided they receive from them definite guaranties that their policy has the same objects in view as that of the Allied and Associated Powers. With this object they would ask Admiral Kolchak and his associates whether they would agree to the following as the conditions upon which they accept continued assistance from the Allied and Associated Powers:

1. That as soon as they reach Moscow they will summon a Constituent Assembly, elected by a free, secret, and democratic franchise as the supreme legislature for Russia, to which the government of Russia must be responsible, or, if at that time order is not sufficiently restored, they will summon the Constituent Assembly elected in 1917 to sit until such time as new elections are possible.

2. That throughout the areas which they at present control they will permit free elections in the normal course for all local and legally constituted assemblies, such as municipalities, zemstvos, etc.

3. That they will countenance no attempt to revive the special privileges of any class or order in Russia. The Allied and Associated Powers have noted with satisfaction the solemn declarations

made by Admiral Kolchak and his associates that they have no intention of restoring the former land system. They feel that the principles to be followed in the solution of this and other internal questions must be left to the free decision of the Russian Constituent Assembly; but they wish to be assured that those whom they are prepared to assist stand for civil and religious liberty of all Russian citizens, and will make no attempt to reintroduce the régime which the Revolution has destroyed.

4. That the independence of Finland and Poland be recognized, and, in the event of the frontiers and other relations between Russia and these countries not being settled by agreement, they will be referred to the arbitration of the League of Nations.

5. That if a solution of the relations between Esthonia, Latvia, Lithuania, and the Caucasian and Trans-Caspian territories and Russia is not speedily reached by agreement, the settlement will be made in consultation and co-operation with the League of Nations, and that until such settlement is made the government of Russia agrees to recognize these territories as autonomous, and to confirm the relations which may exist between their *de facto* governments and the Allied and Associated Governments.

6. That the right of the Peace Conference to determine the future of the Rumanian part of Bessarabia be recognized.

7. That as soon as a government for Russia has been constituted on a democratic basis Russia

should join the League of Nations and co-operate with the other members in the limitation of armaments and military organization throughout the world.

Finally, that they abide by the declaration made by Admiral Kolchak's government on November 27, 1918, in regard to Russia's national debts.

The Allied and Associated Powers will be glad to learn as soon as possible whether the government of Admiral Kolchak and his associates are prepared to accept these conditions, and also whether, in the event of acceptance, they will undertake to form a single government, and as soon as the military situation makes it possible.

[Signed] G. CLEMENCEAU,
D. LL. GEORGE,
V. E. ORLANDO,
WOODROW WILSON,
MAKINO.

II

REPLY OF ADMIRAL KOLCHAK TO THE POWERS

Dated Omsk, June 4, 1919
(Original in French)

The government over which I preside has been happy to learn that the policy of the Allied and Associated Powers in regard to Russia is in perfect accord with the task which the Russian government itself has undertaken, that government being anxious above all things to re-establish peace in the

country and to assure to the Russian people the right to decide their own destiny in freedom by means of a Constituent Assembly. I appreciate highly the interest shown by the Powers as regards the national movement, and consider their wish to make certain of the political conviction with which we are inspired as legitimate. I am therefore ready to confirm once more my previous declaration, which I have always regarded as irrevocable.

The Constituent Assembly

(1) On November 18, 1918, I assumed power, and I shall not retain that power one day longer than is required by the interests of the country. My first thought at the moment when the Bolsheviks are definitely crushed will be to fix the date for the elections of the Constituent Assembly. A commission is now at work on direct preparation for them on the basis of universal suffrage. Considering myself as responsible before that Constituent Assembly, I shall hand over to it all my powers in order that it may freely determine the system of government. I have, moreover, taken the oath to do this before the supreme Russian tribunal, the guardian of legality. All my efforts are aimed at concluding the civil war as soon as possible by crushing Bolshevism in order to put the Russian people effectively in a position to express its free-will. Any prolongation of this struggle would only postpone the moment.

The government, however, does not consider itself authorized to substitute for the inalienable

right of free and legal elections the mere re-establishment of the Assembly of 1917, which was elected under a régime of Bolshevist violence, and the majority of whose members are now in the Sovietist ranks. It is to the legally elected Constituent Assembly alone, which my government will do its utmost to convoke promptly, that there will belong the sovereign rights of deciding the problem of the Russian state both in the internal and external affairs of the country.

(2) We gladly consent to discuss at once with the powers all international questions, and in doing so shall aim at the free and peaceful developments of peoples, the limitation of armaments, and the measures calculated to prevent new wars, of which the League of Nations is the highest expression. The Russian government thinks, however, that it should recall the fact that the final sanction of the decisions which may be taken in the name of Russia will belong to the Constituent Assembly. Russia cannot now, and cannot in the future, ever be anything but a democratic state, where all questions involving modifications of the territorial frontiers and of external relations must be ratified by a representative body which is the natural expression of the people's sovereignty.

(3) Considering the creation of a unified Polish state to be one of the chief of the normal and just consequences of the World War, the government thinks itself justified in confirming the independence of Poland proclaimed by the Provisional government of 1917, all the pledges and degrees of which we have accepted. The final solution of the ques-

tion of delimiting the frontiers between Russia and Poland must, however, in conformity with the principles set forth above, be postponed till the meeting with the Constituent Assembly. We are disposed at once to recognize the *de facto* government of Finland, but the final solution of the Finnish question must belong to the Constituent Assembly.

(4) We are fully disposed at once to prepare for the solution of the questions concerning the fate of the national groups in Esthonia, Latvia, Lithuania, and of the Caucasian and Trans-Caspian countries, and we have every reason to believe that a prompt settlement will be made, seeing that the government is assuring, as from the present time, the autonomy of the various nationalities. It goes without saying that the limits and conditions of these autonomous institutions will be settled separately as regards each of the nationalities concerned. And even in case difficulties should arise in regard to the solution of these various questions the government is ready to have recourse to the collaboration and good offices of the League of Nations with a view to arriving at a satisfactory settlement.

(5) The above principle, implying the ratification of the agreements by the Constituent Assembly, should obviously be applied to the question of Bessarabia.

(6) The Russian government once more repeats its declaration of November 27, 1918, by which it accepted the burden of the national debt of Russia.

(7) As regards the question of internal politics,

which can only interest the powers in so far as they reflect the political tendencies of the Russian government, I make point of repeating that there cannot be a return to the régime which existed in Russia before February, 1917. The provisional solution which my government has adopted in regard to the agrarian question aims at satisfying the interest of the great mass of the population, and is inspired by the conviction that Russia can only be flourishing and strong when the millions of Russian peasants receive all guaranties for the possession of the land. Similarly as regards the régime to be applied to the liberated territories, the government, far from placing obstacles in the way of the free election of local assemblies, municipalities, and zemstvos, regards the activities of these bodies and also the development of the principle of self-government as the necessary conditions for the reconstruction of the country, and is already actually giving them its support and help by all the means at its disposal.

(8) Having set ourselves the task of re-establishing order and justice and of insuring individual security to the persecuted population which is tired of trials and exactions, the government affirms the equality before the law of all classes and all citizens without any special privileges. All shall (enjoy?) without distinction of origin or of religion the protection of the state and of the law. The government whose head I am is concentrating all the forces and all the resources at its disposal in order to accomplish the task which it has set itself at this decisive hour. I speak in the name of all

national Russia. I am confident that, Bolshevism once crushed, satisfactory solutions will be found for all questions which equally concern all these populations whose existence is bound up with that of Russia.

[Signed] Kolchak.

III

Dated Paris, June 12, 1919

The Allied and Associated Powers wish to acknowledge receipt of Admiral Kolchak's reply to their note of May 26th. They welcome the tone of that reply, which seems to them to be in substantial agreement with the propositions which they had made and to contain satisfactory assurances for the freedom, self-government, and peace of the Russian people and their neighbors. They are, therefore, willing to extend to Admiral Kolchak and his associates the support set forth in their original letter.

[Signed] D. Lloyd George,
Woodrow Wilson,
G. Clemenceau,
V. E. Orlando,
N. Makino.

APPENDIX I

Soviet Government of Russia on Alleged Secret German-Japanese Treaty

JAPAN AND FOE IN SECRET PACT—SOVIET GOVERNMENT MAKES PUBLIC TREATY BETWEEN NIPPON EMPIRE AND GERMANY

(*By United Press*)

Budapest, *June 20.*

The Soviet government to-day made public in a wireless despatch from Moscow the following version of an alleged secret treaty negotiated between Japan and Germany:

"First. Both parties undertake to lend a helping hand to the third treaty party (Russia) as soon as compatible with the world's political situation, for the restoration of her internal order, international prestige, and power.

"Second. Japan undertakes the granting to Germany of advantages resulting from the most-favored-nation reciprocity clauses of the existing Russo-Japanese treaty.

"Third. Japan undertakes to permit Germany to participate in accordance with concessions embodied in this special treaty, in Japan's preferential

treaty rights in China, the parties undertaking to exclude foreign powers (United States and Great Britain) from securing further concessions there.

"Fourth. Japan undertakes the safeguarding indirectly of Germany's interests in the forthcoming Peace Conference, striving for minimum territorial and material disadvantages to Germany."

The despatch declared that the alleged treaty was negotiated by Oda, Japanese plenipotentiary, who arrived in Stockholm on October 18, 1918, to begin secret conferences with German Ambassador Lucius. The Bolsheviki claim that Oda transmitted to Tokio secret German overtures for a separate peace.

Oda and Lucius, agreeing upon the principles of a treaty, later went to Berlin to complete the draft, the Bolsheviki charge. The German government approved the document, it was said, but the Revolution rendered it impossible of execution

The alleged existence of such a treaty was first definitely asserted by Foreign Minister Tchitcherine in a recent interview with the United Press. The Bolsheviki's bitter opposition to the alleged treaty and their desire to make it public results, Tchitcherine explained, from the fact that it could only become operative through their overthrow and the restoration of the Russian Empire.

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